To play a king
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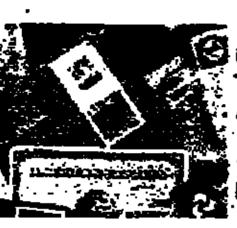

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'Baby Bell' groups combine cellular wireless interests

Two of America's largest "Baby Bell" local telecommunications groups - Bell Atlantic and Nynex - are combining their cellular wireless interests. The new company will compete aggressively with long-distance rivals trying to establish national networks in the fast-growing mobile communications market. The companies said it might have a market value of around $13bn. Bell Atlantic, which serves the Mid-Atlantic region, and Nynex, which serves New York and New England, are each among the 10 largest cellular telephone companies in the US. Page 21

OECD urges inflation action: Financial market turbulence could be eased if monetary authorities in the industrialised world took more action to underline their commitment to low inflation, the OECD said. Page 20; World recovery gathers pace, Page 5; Editorial Comment, Page 19

Italian president challenges Berlusconi: Italy's president Oscar Luigi Scalfaro has openly challenged the six-week-old government of Silvio Berlusconi over a cabinet decision that forced the resignation of the senior management of RAI, the state broadcasting corporation. Page 20

Japan's PM turns to conservatives: Japan's new Socialist prime minister, Tomiichi Murayama, took a step to the right, by selecting a cabinet dominated by conservatives and pledging to work for stable economic growth. Page 20; Japan set for $1.3bn S Africa aid and trade deal, Page 3

Maradona withdrawn from World Cup

Argentine captain Diego Maradona (left) was suspended by Fifa from all soccer and withdrawn by his national football association from the World Cup for taking drugs containing ephedrine, a banned stimulant, and four related banned substances. Maradona, 33, one of the world's best players, had been due to make a record 22nd finals appearance. World Cup, Page 8

Airbus A330 crash kills seven: An Airbus A330 aircraft on a test flight crashed on take-off and exploded into flames at Toulouse airport, killing all seven crew members.

Clinton cleared over Whitewater: Robert Fiske, special prosecutor investigating the Whitewater affair, said he would not be bringing criminal charges over a savings and loan investigation involving President Bill Clinton. Page 6

EU life directive takes effect: Five European states - Denmark, France, the Netherlands, Portugal and the UK - are expected to have transposed into national law EU directives allowing insurers to sell their products across national boundaries by today's deadline. Page 28; Hard work to be free and single, Page 19

Rise in French jobless: French unemployment recorded its biggest monthly increase of the year in May, rising by 20,800 to 3.35m or 12.7 per cent of the workforce. Page 2

Austria to reap China deals: Austrian companies appear set to secure contracts with Chinese government agencies for up to Sch10bn ($872m) in goods and services, after several years of efforts to build contacts and trade. Page 3

New Zealand records budget surplus: New Zealand recorded a budget surplus of NZ$527m ($305m) in the year to June 1994, its first since 1978. Finance minister Bill Birch called it the start of a "virtuous circle". Page 4

US rules on abortion protests: The US Supreme Court ruled that a judge can ban anti-abortion demonstrations near health clinics in a victory for advocates of abortion rights.

Bangladesh riots over Islam: An Islamic militant was shot dead by police and at least 150 people injured in fighting between rival groups during a strike in Bangladesh over an alleged insult to Islam by feminist writer Taslima Nasrin.

Mafia trial ordered: Mafia "boss of bosses" Salvatore Riina, 63, and 58 suspected gangsters were ordered to stand trial in Sicily on charges of complicity in 32 murders and other crimes.

Navratilova reaches Wimbledon final: Martina Navratilova will play in her 12th Wimbledon singles final after defeating Gigi Fernandez 6-4 7-6. She will meet Spain's Conchita Martinez who outlasted American Lori McNeil 3-6 6-2 10-8.

STOCK MARKET INDICES		
FT-SE 100	2919.2	(-27.1)
Yield	4.24	
FT-SE Eurotrack 100	1322.54	(-9.35)
FT-SE-A All-Share	1463.35	(-0.7)
Nikkei	20,643.93	(+162.93)
New York lunchtime		
Dow Jones Ind Ave	3647.63	(-19.42)
S&P Composite	446.02	(-1.61)

US LUNCHTIME RATES	
Federal Funds	4¼%
3-mo Treas Bills: Yld	4.232%
Long Bond	84⅛
Yield	7.597%

LONDON MONEY		
3-mo Interbank	5⅛%	(same)
Liffe long gilt future	Sep 99¾	(Sep 101⅛)

NORTH SEA OIL (Argus)		
Brent 15-day (August)	$17.455	(17.33)

Gold		
New York Comex (Aug)	$387.3	(386.3)
London	$388.0	(385.2)

STERLING		
New York lunchtime:		
$	1.5440	
London:		
$	1.5435	(1.547)
DM	2.4564	(2.4482)
FFr	8.4257	(8.3979)
SFr	2.0651	(2.0614)
Y	152.254	(152.65)
£ Index	79.7	(79.6)

DOLLAR		
New York lunchtime:		
DM	1.58585	
FFr	5.4365	
SFr	1.33355	
Y	98.7	
London:		
DM	1.5915	(1.5825)
FFr	5.459	(5.4285)
SFr	1.338	(1.3325)
Y	98.645	(98.675)
$ Index	63.3	(63.2)
Tokyo close Y 98.95		

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Diller of QVC may head combined company

CBS in merger talks with cable TV shopping group

By Martin Dickson in New York

Mr Barry Diller, the US film industry executive who heads QVC Network, the cable television shopping group, may emerge as chief executive of CBS, the television broadcasting network, under a merger plan being discussed by the two companies.

The companies said yesterday they were close to an agreement under which QVC, which runs two cable television channels selling consumer goods ranging from jewellery to clothing, would be merged into CBS.

Mr Diller would become chief executive of the combined group. Mr Laurence Tisch, at present chairman and chief executive of CBS, and owner of some 20 per cent of its stock, would stay on as chairman.

Wall Street analysts cautioned that the merger discussions might break down or lead to a hostile bid for CBS from a third party. But they said a CBS-QVC link-up would be positive for both companies.

Mr Diller, who is widely regarded as one of the most talented figures in the US entertainment industry, has been trying to build QVC into a powerful media conglomerate and last year made an unsuccessful $10bn bid for Paramount Communications, the film and publishing group.

CBS is at present the most successful of the three big US broadcasting networks, judged by their prime time audience ratings. But critics complain that it has not followed the lead of rivals ABC and NBC and diversified into cable television, which has gradually eroded the networks' share of US viewers. They also question the strength of its programming.

Fox, Mr Rupert Murdoch's upstart fourth network, recently shocked the television industry by enticing away eight stations, owned by New World Communications, which had been previously affiliated to CBS.

The defection came after Fox won an auction to show National Football Conference games of American football for the next four years - beating CBS, which had broadcast the games for nearly 40 years.

CBS, which earned $326m last year on revenues of $3.5bn, owns seven television stations and 21 radio stations in addition to its television network. QVC made $59m on revenues of $1.2bn in its last financial year.

Wall Street analysts said the negotiations suggested that CBS might pay QVC shareholders in stock worth some $35 for each QVC share. In addition, CBS shareholders would be paid a cash dividend of $175 a share and would end up with 51 per cent of the combined group, while QVC shareholders would have the rest. Mr Tisch might take cash for part of his holding and end up with around 10 per cent of the combined group.

Trading in both companies was halted at Wednesday night's closing price, with QVC at $32¾ and CBS at $263.

Mr Diller might end up owning 5 per cent of the group, while two large cable television service companies with substantial stakes in QVC could also have small equity interests. They are Tele-Communications Inc and Comcast.

Mr Christopher Dixon, an analyst at brokers PaineWebber, said a merger would "go a long way to allow the network to diversify from its sole role as broadcaster in an industry that has become increasingly fragmented." It would also have the "exhilarating experience of Mr Diller and his close relationship with the creative community."

Ready to tune into the Diller sizzle, Page 21
'Baby Bell' groups combine, Page 21
Canada's long-distance network war, Page 23

Fed may raise rates ahead of economic summit

By Michael Prowse in Washington

The US Federal Reserve faces pressure to raise interest rates next week following the dollar's continuing weakness against the yen and publication of data indicating US growth remains well above the rate consistent with low inflation in the longer term.

President Bill Clinton may believe a US rate increase before the Naples economic summit would put him in a stronger negotiating position when seeking concerted action to support the dollar and promote global growth.

On Wednesday this week Mr Lloyd Bentsen, Treasury secretary, said the recent rise in bond yields was not threatening US economic growth - a remark that some analysts interpreted as a green light to the Fed to raise short-term rates again.

Figures yesterday showed robust growth of US personal incomes and factory orders in May and a sharp rise in an index of prices compiled by Chicago purchasing managers. The strong data and evidence of upward pressure on prices prompted sharp early falls in bond and share prices.

"The underlying economic trend still looks very strong," said Mr Jim O'Sullivan, economist at J.P. Morgan, the New York bank. He said growth probably exceeded 5 per cent at an annual rate in the second quarter despite a sharp slowdown in consumer spending because of large positive contributions from capital spending and construction.

J.P. Morgan expects US short-term rates to rise 1 percentage point to 5.25 per cent over the next three months and to reach

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Britain and China agree military land transfer deal

By Simon Holberton in Hong Kong and Tony Walker in Beijing

Britain and China agreed yesterday on a military land deal in one of the most comprehensive bilateral agreements signed since the 1984 accord under which Hong Kong reverts to Chinese sovereignty in 1997.

The agreement was reached just hours after the Legislative Council (LegCo) approved democratic reforms proposed by Mr Chris Patten, Hong Kong Governor, despite intensive lobbying against the proposals by China.

Mr Patten described the accord with China as an honourable agreement. "It is a good and fair bargain over what has been a difficult issue for both sides," he told the Financial Times.

The land deal commits the Hong Kong government to spending HK$4bn ($518m) on building facilities, including a new base for the Chinese navy. In return, Hong Kong will receive former military sites worth HK$35bn in redevelopment rights.

The agreement commits the People's Liberation Army to surrendering to the post-1997, Hong Kong administration all land surplus to its requirements. The PLA has also undertaken to use the land only for military purposes, and to make its personnel stationed in Hong Kong subject to Hong Kong law.

Coming so close after the LegCo vote, yesterday's agreement was the clearest sign to date that China is prepared to put its row with Britain to one side and get on with the practical business of the handover.

In Beijing Mr Shen Guofang, the foreign ministry spokesman, described the military bases accord as "an important achievement".

His remarks were seen as an indication that China was anxious to separate political issues from the practical considerations of ensuring a smooth transfer of power.

The governor said he was hopeful that with this agreement the two sides could accelerate co-operation. "We have no option but to step up the pace of co-operation," he said in an interview. "The transfer of sovereignty is only three years away."

Mr Hugh Davies, Britain's senior representative to the Joint Liaison Group, the body charged with negotiating the details of the transfer, said he believed that if past differences could be put to one side there was no reason why the JLG could not enter into a more productive and useful phase. However, another British official doubted if all the work

Let's try to keep things moving - Patten, Page 6

required could be completed by 1997. He said: "If everything goes very well, then we could complete three quarters of it, but not all." In general, however, British officials were upbeat about the defence lands deal. One said: "The Chinese have come to terms with what has happened on the political front. It won't be easy for us, but we have a basis for talking to them."

Nevertheless, Mr Shen reiterated in Beijing that China would not accept this week's electoral reforms, which he insisted ran counter to prior agreements on the handover. Differences over Hong Kong, he said, would continue to bedevil Sino-British relations. "The differences over Hong Kong between China and Britain are bound to affect the co-operation between the two countries on other issues," Mr Shen told reporters.

However, western officials said China's reaction to the Legco vote was "about as mild as could be expected". Mr Shen expressed the hope that Britain would cooperate with China to "ensure a smooth transfer of power in Hong Kong".

An orthodox Jew passes a billboard in Jerusalem covered with posters protesting against the expected visit of PLO chairman Yassir Arafat to the newly autonomous area of the Gaza Strip Picture: Reuter

Protest and celebration await Arafat in Gaza

By Julian Ozanne in Gaza

"In the name of God the compassionate, the merciful, - brother citizen please help to clean the streets and whitewash the walls for the visit of our leader."

Palestinians in Gaza hurriedly picked up broom and paintbrush yesterday in answer to the plea broadcast by loudspeaker vans after Mr Yassir Arafat, the veteran Palestinian leader, decided that today would be the day of his triumphant visit after decades of struggle and exile.

Mr Arafat, who brought forward his plans after a request by Israel's chief Sephardic rabbi that the visit should not take place on Saturday during the Jewish sabbath, also jolted the Israeli right wing into action. Rightwing leaders, some threatening Mr Arafat's life, were last night co-ordinating demonstrators to oppose the visit of a man who one rabbi called a "modern-day Hitler".

The government put 8,000 policemen on alert to deal with Israeli protests. Officials described the move as one of the biggest mobilisations ever carried out to thwart the threat of civil disorder.

Even the most senior PLO security officials were caught off guard by Mr Arafat's decision. He is scheduled to pass through the Israeli-Egyptian Rafah crossing at 2.30pm and travel in a long convoy to Gaza City to a hero's welcome. Up to 350,000 Palestinians are expected to turn out for their first glimpse of the legendary figure who has embodied the spirit of Palestinian resistance and nationalism.

Roadsweepers and repairmen were busy cleaning away dust and filling in pot holes on the seaside road outside beachfront hotels where Mr Arafat and his party are expected to stay.

Mr Arafat's supporters in Gaza mixed awe with disbelief at the impending visit of a man many Palestinians believe has superhuman powers. Some said he would return with one of the heroes of the Palestinian revolution thought to be dead.

"It will be the most important day in Palestinian history," said Mr Hamdi Abu Sultan, a shopkeeper in the Jabalya refugee camp. He will bring many changes because he is more than a man."

But opponents, who believe Mr Arafat has sold out Palestinian rights and aspirations to Israel in return for limited local powers, said they would boycott the visit. The Islamic resistance movement Hamas said it was considering raising black flags as a sign of mourning for the Palestinian cause.

In Israel Mr Arafat's visit has ignited similarly high emotions. The Yesha, the council of some 100,000 Jews who have settled on Israeli occupied Palestinian land, offered a 000 reward for Mr Arafat's capture alive.

Aid pledges, Page 4

CONTENTS

Another rise in French unemployed

By John Ridding in Paris

French unemployment recorded its biggest monthly increase of the year in May, rising by 20,800 to reach 3.35m or 12.7 per cent of the workforce, the labour ministry said yesterday.

The increase, from a revised 12.6 per cent in April, undermines government claims that the rise in joblessness had stabilised. Mr Edouard Balladur, prime minister, accepted that setbacks remained possible in the fight against unemployment, but said the trend was still showing improvement.

Private economists gave some support for this view. "The figures are disappointing," said Ms Esther Baroudy, senior economist at Crédit Lyonnais Capital Markets. But she cautioned against reading too much into one month's data, adding that the rise of 44,300 in the number of unemployed in the year to May compared with an increase of 152,500 in the comparable period in 1993.

The high level of joblessness does, however, reflect the structural problems in the French labour market and the failure of emerging recovery to make a significant impact on unemployment. The Patronat employers' federation has also expressed concerns about the rate of economic recovery, which it describes as slow, fragile and patchy.

The Bank of France, which has sought to buttress the economy through a gradual reduction in interest rates, yesterday trimmed the intervention rate, the key short term rate, by one-tenth of a percentage point to 5.1 per cent. The rise in long-term interest rates, however, resulting from the turmoil in the international bond market, could dampen economic recovery, according to economists.

Government officials warned that unemployment could worsen over the summer as school-leavers swell the ranks of job-seekers. They claim, however, that it should stop rising by the end of the year, and start to decline in 1995.

The unemployment rate for April was revised upwards to take account of the last week's annual revision of the size of the active population, according to the labour ministry. The unemployment rate for March was also revised upwards from 12.2 per cent to 12.4 per cent.

The May increase, which was three times larger than previous months, partly reflected an inflow of young, first-time job-seekers, government officials said. Redundancies and the number of people ending short-term contracts also rose.

Lift in growth fails to lighten Swedish gloom

By Hugh Carnegy in Stockholm

On the face of it, Sweden's economy, profoundly shaken by a three-year recession, is firmly back on a growth path. The Organisation for Economic Co-operation and Development yesterday forecast a 2.7 per cent rise in gross national product this year, and almost 3 per cent in 1995.

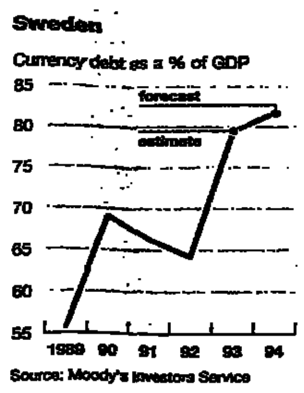
Yet last week, Svenska Dagbladet, the respected daily newspaper, saw fit to hoist the headline "Dance of death" over a leading article on the economic policy debate dominating the campaign for the September general election. "The Swedish economy is heading for a crash," the article warned. "Perhaps not through a dramatic fall that overnight reduces Sweden to a third class nation, but through a hasty negative spiral driven by the catastrophic state finances." It added: "An economic boom is not going to save Sweden."

This dramatic message has been echoed in recent weeks by senior Swedish businessmen, by the financial markets, and by foreign analyses of the economy. All have in common the politically unpalatable conclusion that the painful upheavals and reforms of the past three years have not sufficiently come to grips with the structural problems blamed on the famously large state sector.

The focus of their concern is the long-term threat posed by a budget deficit which in the current budget year is set to total about 14 per cent of GDP, and the associated phenomenon of the fastest-growing debt among OECD countries. Foreign debt has shot up from the equivalent of just under 56 per cent of GDP in 1989 to a forecast 82 per cent next year.

Sweden

Currency debt as a % of GDP



Source: Moody's Investors Service

Despite three years of market reform policies under the right-centre government of Mr Carl Bildt, state spending still accounts for 70 per cent of GNP. This figure is bloated by the cost of financing record unemployment totalling 14 per cent of the workforce through some of Europe's most generous jobless benefits. The budget deficit is set to decline significantly – but almost half is structural and will not be cured by economic growth.

Worries about the public finances have already had their effects in the markets. Swedish interest rates, although much lower than a year ago, remain at a significant premium over German rates, reflecting concern both about the public finances and lingering fears that inflation may rear its head again. This, in turn, has continued to damp much needed investment.

But the outlook may not necessarily so bleak as Svenska Dagbladet suggested. Mr Bildt's government, though less inclined to advocate austerity in an election period, is fully committed to furthering the process of structural reform if it returns to power. The opposition Social Democrats – who hold a comfortable lead in opinion polls – are meanwhile making an election issue out of the dire state of the public finances and promising tough action on the deficit.

Sweden's competitive position has already improved greatly over the past two years. Its powerful phalanx of multinational companies are well placed to take advantage of falling trade barriers and a resurgence of world growth. However, those raising the warning cry are concerned that the Social Democratic emphasis on selective tax rises, coupled with the party's commitment to its huge natural constituency in the public sector, could stymie progress towards further trimming the welfare state and encouraging private sector growth.

"Dismantling the public sector is likely to prove very difficult politically," cautioned Moody's Investor Service in its latest appraisal of Sweden. "Without the flexibility needed to compete in international markets, however, the economy may not be capable of sustaining current living standards over the long term."

US envoy warns of new war in Croatia

By Laur Silber in Belgrade

A senior US diplomat said yesterday that former Yugoslavia could be soon be engulfed by a renewed war inside Croatia, where a ceasefire between Serbs and Croats is looking tenuous.

The warning was issued by Mr Peter Galbraith, the US ambassador to Zagreb. He warned that in the event of a renewed war, the Croatian army could be crushed by better armed and more numerous Serb fighters who would be backed by Belgrade.

"The danger of a new war remains," said Mr Galbraith during a visit to Osijek, north-eastern Croatia.

Complaining about Serb intransigence during peace efforts and the absence of progress in international mediation, Croat officials are threatening to seize back nearly one-third of their republic's territory which is under *de facto* Serb control. If they fail to gain control over the "state", which severs Croatia in half, Croat political and military leaders say they will not renew the UN mandate.

Zagreb says the UN presence has simply frozen Serb military gains, carved out during the six-month war in 1991, although diplomats believe that the 14,000 strong force has prevented an all-out conflict.

In Belgrade yesterday, President Slobodan Milosevic of Serbia met Mr Alexei Nikiforov, a Russian peace envoy, for talks on a map providing for the partition of Bosnia along ethnic lines.

The map was unveiled this week by the so-called contact group, composed of representatives from Russia, the US, Britain, Germany, and France.

So far the warring parties have not formally rejected the map, which gives 51 per cent of Bosnia to the new Moslem-Croat federation and 49 per cent to the Serbs, who currently control 70 per cent. But they have made clear that war remains an option.

In spite of continuing clashes, the UN yesterday said it wanted to extend the widely breached month-long truce between the Bosnian army and the Bosnian Serbs, when it expires on July 9.

"We are going for an extension to consolidate the gains made over the first 30 days," a UN spokeswoman said.

EUROPEAN NEWS DIGEST

US company sues indebted metals giant

Metallgesellschaft, the heavily indebted Frankfurt-based metals, mining and industrial group, together with its BUS environmental technology subsidiary, are being sued in New York by Horsehead Resource Development Company. Horsehead, a US concern 45 per cent owned by BUS, is seeking at least $500m in damages. It alleges that BUS and Metallgesellschaft fraudulently induced Horsehead to enter a joint venture in 1990. Horsehead claims the German companies misrepresented the quality of their technologies, failed to market Horsehead's technology in Europe and fraudulently concealed the existence of new technology developed by a BUS affiliate in Europe. *David Waller, Frankfurt*

Ireland sees faster growth

The Irish government has upgraded its economic growth forecast by half a percentage point to 4 per cent per annum for 1994-96, in a report to the monetary committee of the European Commission. The report, "Ireland's Convergence Programme 1994-96", says Ireland "remains firmly committed" to the convergence criteria for European monetary union. The government budget deficit will remain below 3 per cent of gross domestic product, and the debt/GDP ratio will fall at an average annual rate of 3-4 percentage points of GDP over the next three years, it says. Inflation is targeted at an average 2.5 per cent per annum. *Tim Coone, Dublin*

German constitution changes

Members of the German parliament gathered in the historic Reichstag building in Berlin yesterday to amend the country's constitution in line with German unification. But, in spite of calls for far-reaching reforms, they were set to approve only the most modest of changes. The agreed amendments will include a clause on protection of the environment, and tougher commitments on equal rights for women and the handicapped. There has not been the necessary cross-party support for introducing referendums as a part of political decision-making, nor for commitments to social welfare being included in the constitution. The changes could yet fall foul of the upper house of parliament for failing to extend the legal powers of the states. *Quentin Peel, Bonn*

Airbus crashes on test

An Airbus A330 airliner undergoing tests crashed yesterday shortly after takeoff from the Toulouse airport, the company said. There were unconfirmed reports from rescue workers that the five crew members had been injured. Airbus said no one else was on the aircraft when it crashed in an uninhabited area just beyond the end of the runway. The cause of the crash was not immediately known. The A330 is a two-engine, long-distance aircraft which was introduced in November 1993. Only five of the wide-bodied airliners are in commercial service but scores more have been ordered, according to Airbus. *AP, Toulouse*

Turkish paper buys into rival

Turkey's Milliyet newspaper took a 35 per cent stake in one of its two main rivals, Hurriyet, yesterday in a move a Hurriyet executive said was designed to cut costs. However, Mr Yasar Eroglu said the sale of half of Hurriyet Holding's 70 per cent share in the daily to Milliyet did not herald a merger, but would allow the two high-spending papers to share costs. He did not say how much the Milliyet owner, Mr Aydin Dogan, had paid for the stake in Hurriyet, bought by his AD Holding.

Turkey has been fighting an economic crisis since January and Milliyet has been campaigning against Mrs Tansu Çiller, the prime minister, in recent weeks, criticising her handling of the economy and attacking her personal investments in the US. Hurriyet's net daily sales are around 508,000 and Milliyet sells about 360,000 copies. Both are locked in circulation wars with the biggest daily Sabah, which sells about 558,000. *Reuter, Ankara*

Strike hits Norway's hospitals

The Norwegian government yesterday ordered more than 1,500 nurses and other health workers back to work after a three-day strike that affected 38 hospitals and clinics. The minister for local government, Mr Gunnar Berge, met representatives for the Norwegian Nurses Association and four other hospital workers' unions and told them of the government's decision to force the striking parties to take the conflict to legal arbitration today.

The conflict, centering around the female nurses' demand for equal pay with their male colleagues, has reportedly led to serious consequences at the 38 hospitals and clinics involved. Several cancer operations and other vital surgery were cancelled during the strike and many people in need of hospital care were turned away without treatment. "Since we don't see any willingness from the five unions to return to negotiations, we have to consider the suffering by the sick and the serious consequences this conflict is causing, we have decided to force the parties to come to legal arbitration tomorrow," Mr Berge said in a statement to reporters. *AP, Oslo*

Next stage of privatisation aims to attract large investors into companies

Go-ahead for more Russian asset sales

By John Lloyd in Moscow

The Russian cabinet yesterday approved the second phase of the privatisation of Russian state property – the massive programme of asset sales which has already seen the largest part of that property pass out of state hands in exchange for vouchers issued free to the country's 150m people.

The transition from the first to the second phase is a messy one, dictated by the need to soak up the estimated 3m-9m vouchers of the 148m issued for the first phase but still not exchanged for shares.

President Boris Yeltsin has decreed that workers can, in certain conditions, still exchange vouchers for shares until the end of this month; while Mr Yuri Luzhkov, the Moscow mayor, has decreed that Muscovites can exchange their unused vouchers, estimated to number around 220,000, for certificates which can collect interest at the Savings Bank.

The next stage, proposed by Mr Anatoly Chubais, the privatisation minister, and approved by his colleagues yesterday, is aimed at attracting large investors into the companies – both those still to be sold and those already privatised.

To make the process more attractive, Mr Chubais said yesterday that the second stage of the programme would include a provision to allow enterprises to acquire the land on which they were situated and to sell excess land on the market. This provision is certain to increase their value greatly.

However, the draft government decree now being finalised by officials from the state property committee and the justice ministry must still be signed by the president – and will not be discussed by the state duma (lower house) for some time. Mr Victor Chernomyrdin, the prime minister, told the Interfax news agency he feared the presidential decree would differ from the law likely to be passed by the duma. Right- and left-wing groups in the duma have already sponsored a motion on privatisation which would effectively halt the second stage.

A poll conducted for the "Mnenie" (Opinion) polling organisation in Moscow earlier this week showed that the majority polled viewed privatisation as a process which benefited the rich and powerful, gave foreigners control of Russian companies, threatened jobs and put up prices.

Mr Chubais' advisers acknowledge the amount of progress still to be made, but are satisfied that the first round has broken the power of the old ministries over the bulk of post-Soviet enterprises.

The partial nature of privatisation so far was demonstrated yesterday when a senior official of United Energy Systems, the enterprise which groups together the 69 regional energy suppliers in Russia, announced that some 16 per cent of the company had been sold in two series of public auctions in March and June.

Kinkel signals softer line on beef

By David Marsh and David Lascelles

Mr Klaus Kinkel, German foreign minister, yesterday called for a "European solution" in the row over UK beef sales to Germany, signalling a more conciliatory line.

Speaking in London during a day of talks with the British government, Mr Kinkel said Bonn's planned move to ban British beef imports would not take effect for at least six months even if approved.

The measure, caused by German fears about BSE or "mad cow disease", is due to be discussed in the Bundesrat on July 8. The Bundesrat's health committee yesterday recommended a limited ban but used wording which would allow the government not to implement the order if it saw fit.

Mr Kinkel's statement was interpreted by the British Foreign Office as an attempt to ease Anglo-German differences over BSE. It was also accompanied by fresh signs that the two countries are making progress in efforts to choose the next president of the European Commission by the deadline of July 15 set by Chancellor Helmut Kohl.

Mr Douglas Hurd, UK foreign secretary, said there was a "reasonable chance" of meeting the deadline. Officials said Mr Kinkel discussed a compromise list of candidates with Mr Hurd and Mr John Major, the prime minister.

Meanwhile, the UK government underlined it is taking seriously possible dangers from BSE. The list of products which may not be used in human and animal food because of the danger is to be extended to include certain parts of young calves.

Mrs Gillian Shephard, agriculture minister, said yesterday the risk was minuscule, but the government had adopted a policy of extreme caution.

Tests had been conducted on mice with offal from calves fed large amounts of BSE-infected brain tissue. These had shown it was possible to transmit BSE from the calves to the mice.

She stressed that the government's chief medical officer, Dr Kenneth Calman, continued to advise there was "no evidence whatsoever" that BSE caused Creutzfeld Jakob disease, the form of BSE which affects humans.

Mr Douglas Hurd (left) with his German counterpart, Mr Klaus Kinkel, in London yesterday Colin Beere

IMF tells Çiller's Turkey to get back to basics

A deal being worked out puts the central bank out of bounds to politicians, writes John Murray Brown

There are two queues in Turkey's state-owned Ziraat Bank. On one side savers are lined up in the hope of participating in the government's latest super bond issue. On the other civil servants and state pensioners wait patiently to draw their monthly cheques.

It may look like taking from Peter to pay Paul but under the standby agreement being negotiated with the International Monetary Fund, Turkey will have little choice but to resort to large-scale domestic borrowing to finance itself this year.

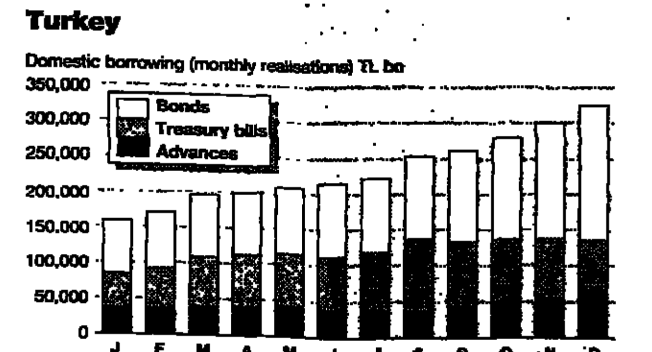
For behind the bald numbers contained in the letter of intent with the Fund lies a direct political challenge to the government of Mrs Tansu Çiller. No longer will the Treasury be able to go to the central bank to print money to cover the budget gap, the main factor behind the 50 per cent collapse of the lira in the first half of 1994. After the borrowing binge last year which pushed Turkey's external debt to $67bn, the Fund calls for strict limits on new credits, although in today's uncertainty, there is little likelihood of Turkey returning to the markets in the short run.

The main anchor will be a floor on official reserves, which will discipline the government to adopt a more realistic exchange rate policy while forcing the central bank to use interest rates rather than interventions to support the lira.

Economists say that for a country which last year lost control of the reins, the programme marks a return to orthodoxy. And for all the credit Mrs Çiller is rightly claiming for biting the bullet, her opponents are quick to point out that the programme constitutes a reversal of the policies she has pursued since coming to power last June.

Turkey

Domestic borrowing (monthly realisations) TL bn



Source: Treasury

The agreement – with the release of the first tranche of a standby facility likely in early July – envisages radical cuts in the public deficit, underpinned by a monetary squeeze, to bring down inflation to 20 per cent by mid-1995, compared with an annual rate of 117 per cent in May.

By restricting central bank credit, the Fund is tying the hands of the politicians and at the same strengthening the autonomy of the central bank to pursue its real priority – maintaining exchange rate stability.

Deputy bank governor Mr Bilsel Alişbah says it has taken a crisis to take steps to strengthen the central bank, which he hopes will no longer "be used as an institution to which the Treasury has free access".

The programme, based broadly on the austerity package announced by the prime minister on April 5, envisages a 50 per cent cut in the public sector borrowing requirement to 9 per cent of gross national product through increased taxes, spending cuts, speedier privatisation and state enterprise closures. Growth of GNP is expected to be zero in the current year and 3 per cent in 1995.

On the monetary side, financial liberalisation has made it difficult to track monetary aggregates. As a result the Fund has focused on the asset side of the central bank's balance sheet.

The Fund's performance targets include a limit of TL305,000bn (£6.2bn) by the year end for the central bank's net domestic assets – implying zero growth in its domestic lending. The programme also calls for a rebuilding of central bank reserves from the level of around $3.4bn today to $4bn by the end of 1994 and up to $6bn by the end of 1995.

Economists point out that the two are intimately related. In the first quarter, central bank reserves went down by $3bn, exactly the same amount that was extended by the central bank to the Treasury in short-term advances. With the sort of monetary belt-tightening envisaged, economists believe the reserve targets should be achievable.

The programme leaves the government little option but to return to domestic debt markets, in essence what is happening. The high interest rates, with the super bond selling at a compounded rate of 406 per cent, are expected to force savers to make a portfolio shift from dollars back to lira. The lira has already strengthened, now at around TL31,000 compared with a low of TL41,000 in mid-April. However the central bank is likely to curb any sharp correction which might undermine exports.

Ankara is already feeling the effects, as bureaucrats swelter in offices deprived of air conditioning – all part of the austerity drive. Squeezing the finances of the powerful state industries may prove more difficult. In the past, state companies have in part financed themselves by not paying tax to the central government or not contributing to the social security system.

In effect this practice understated the size of the deficit of the public sector enterprises, which was running at about 8 per cent of GNP in 1993. Under the programme, the Fund is set to scrutinise the performance of seven of the biggest public state enterprises.

The political fall-out is harder to predict. But it is clear that in being aimed at agencies such as the Soils Products Office TMO, which acts as the grain board and accounts for as much as 40 per cent of the public sector deficit, the monetary squeeze will have a direct impact on the farm sector, a key constituency for Mrs Çiller's True Path party DYP.

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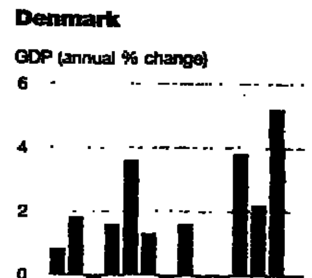
ECONOMIC WATCH

GDP rises 5.2% in Denmark

Denmark

GDP (annual % change)



Source: FT Graphite

Denmark's seasonally adjusted gross domestic product rose 5.2 per cent in the first quarter of 1994 from the same period last year, according to the national statistics office. GDP also rose 0.4 per cent from the last quarter of 1993. The statistics office said the GDP growth figures for 1992 and 1993 were adjusted upward to 1.3 per cent and 1.4 per cent respectively. The revised data, compared with original GDP growth figures of 1.2 per cent for both 1992 and 1993, was based on new material showing higher private and public sector consumption and increased exports for the two years. The statistics office also reported seasonally adjusted unemployment down to 12.4 per cent in May from 12.6 per cent in April, and against 12.2 per cent in May last year. It was difficult to judge, it said, the net effect on the May figures of state-subsidised job rotation and other labour schemes introduced this year. *Reuter, Copenhagen.*

■ Finland's GDP rose year-on-year for a sixth consecutive month in April, Statistics Finland said. According to preliminary data, GDP was 4.8 per cent higher in April than in the same month last year. The bureau also revised year-on-year GDP growth in March to 3.4 per cent from a preliminary 2.5 per cent rise reported a month ago.

■ Portugal's overall trade deficit rose to Es200.3bn (£796m) in January to February 1994 from Es196.9bn in the first two months of 1993, the national statistics institute said. The country's estimated trade deficit with its European partners fell to Es113.4bn in January-February from Es122.8bn in the first two months of 1993.

■ The Russian central bank cut its refinancing rate to 155 per cent from 170 per cent with immediate effect. The rate has been lowered in stages from 210 per cent in April in line with a fall in market interest rates and monthly inflation.

Austria reaps rewards with China deals

By Ian Rodger in Zurich

Austrian companies appear set to secure contracts with Chinese government agencies for up to Sch10bn (£574m) in goods and services, after several years of efforts to build contacts and trade with the People's Republic.

Several contracts, including one for a Sch500m steel casting plant and another for up to Sch1.6bn worth of crude oil, were signed yesterday during an official visit by Mr Li Peng, the Chinese prime minister, to Vienna. The most important agreement, worth up to Sch7bn, was in the railway equipment sector, where Austria has many strong suppliers.

Under the agreement, Austrian companies will receive some Sch3bn worth of orders for locomotives, rails, switches *(points), rail laying machinery*, telecoms and and tunnel construction.

A further Sch3bn to Sch4bn was achievable under the agreement and Mr Viktor Klima, the Austrian transport minister, held out the prospect of up to Sch30bn in railway-related contracts with China in the longer term. Mr Klima said China was suffering from severe bottlenecks in transporting its raw materials, and so had given the highest priority to railway construction.

The crude oil deal was signed with the Austrian integrated oil group OMV. It calls for the delivery to China of up to 1m tonnes of crude oil at prevailing market prices over a year beginning in August. OMV produced 2.1m tonnes of oil last year, about half of it in Austria, the remainder in the UK and Libya.

Agreements reached in spite of protests about China's human rights record

Half of the volume was fixed, with the remainder to be determined, OMV said. The total value of the deliveries was expected to be Sch1.5bn.

For its part, VA Technologie, partly privatised through a public flotation in May, signed a Sch500m contract for a two-strand steel slab casting machine at a steel works in Benxi, China. VA's sister company Voest Alpine Stahl signed a declaration of intent which foresees a joint steel production venture in Ningbo, China.

The agreements were reached in spite of protests from some influential Austrians about China's poor human rights record.

Mr Erhard Busek, the vice-chancellor and leader of the conservative Austrian People's Party, is boycotting the visit and a plan for Mr Li to visit Vienna's city hall to sign the Golden Book was cancelled because of scheduling problems.

Li Peng meets Austrian chancellor Franz Vranitzky Reuter

Japan set for $1.3bn South Africa package

Aid and trade deal will pave way for reinvestment, write Gerard Baker and Gordon Cramb

When he takes his seat at the Group of Seven *summit of* leading industrial nations in Naples next week Mr Tomiichi Murayama, Japan's new socialist prime minister, will not come entirely empty-handed to the table.

One particular offering that Japanese officials have been preparing for their premier to bring – an aid and trade package worth as much as $1.3bn for South Africa's new democratic *government – may* assume added significance as a signal of Japan's desire to be a good world citizen in spite of the country's internal political upheavals.

This will focus on investment projects linked to the reconstruction and development programme set out by the all-race Pretoria government in sectors such as telecommunications, medical and *educational facilities. It will* pave the way for Japanese companies to reinvest in South Africa at a time when their funds will be welcomed as an indicator of confidence.

Last week an official Japanese mission flew to Johannesburg to seek out aid targets. The Tokyo foreign ministry yesterday declined to confirm *the figures, but if the package* is on the lines of that planned

Japan's trade with South Africa

Source: IMF

by the previous government of Mr Tsutomu Hata, it could *comprise some $300m in official* development assistance, up to $500m in Eximbank loans and a further $500m in trade and investment insurance cover over the next two years.

The Japanese corporate sector rapidly reined back when the ministry of international trade and industry had to confess at the height of the sanctions era in the late 1980s that Japan had suddenly emerged as white-run South Africa's leading trading partner – *ahead* of countries such as Germany which had previously headed the rankings.

In the same way, private enterprise may now follow the Tokyo government's lead in rebuilding ties with the country under President Nelson Mandela's African National Congress-led government of national unity. Part of the new aid will anyway be tied to trade with Japanese companies.

Japan is currently South Africa's fourth largest trading partner as the high value of the yen has continued to push Japanese multinationals towards production abroad, but there have so far been few signs that Japanese companies are ready to invest heavily in South Africa.

Licensing agreements largely maintained a Japanese pres*ence in South Africa through* the sanctions era and in some cases for many years before. The question now is whether Japanese companies, which until now have been content to provide parts and brand names to local manufacturing units in which they have no equity stake, are willing to contemplate closer operational or shareholding links. No big rush looks likely.

One prime example is Toyota South Africa, the country's biggest car maker, a family-controlled company quoted on the Johannesburg Stock Exchange in which Toyota of Japan has no direct holding. It obtained franchise rights to use the Toyota name as far back as 1961 and has imported components ever since – currently representing some 35 per cent by value of vehicles produced.

In the same way, Mazda vehicles are produced by Sam*cor, controlled by Anglo-Amer*ican, the country's leading conglomerate. The automotive sector is overcrowded and Mr Peter Arthur, a partner at Webber Wentzel, a Johannes*burg law firm which has* recently acted for several multinationals investing in the country, says that "we are not seeing new motor manufacturers coming in".

South Africa offers a bridgehead into the African market

Toyota of Japan said yesterday it had no plans to take a stake in Toyota South Africa which "is and will remain a completely independent local company". But in Johannesburg recently Mr Brand Pretorius, managing director of the local operation, said of the future that it was "essential for our company to become part of the global Toyota network". He added: "Whether an investment by Toyota Japan is a precondition still has to be clarified".

What a South African manufacturing base can offer, as never before, is a bridgehead into the African market as a whole, and to others beyond. As Japanese companies seek *out lower-cost manufacturing* sites to escape the high yen, they are also able further to refine their markets and target the developing world, where reliable brands carry a similar cachet but pricing needs to be keener and the product can be more basic.

South Africa's high tariff regime will be eroded only gradually as a result of the phased accord the outgoing *government struck with the* General Agreement on Tariffs and Trade before conclusion of the Uruguay Round. Partly because of a lack of previous capital investment under sanctions, a lag in relative productivity also serves as a disincentive to inward investment.

While South Africa's consumer products market has in recent months attracted western names such as Sara Lee and the potential in developing the country's infrastructure has brought in the French construction company Bouygues, Japanese investments so far have centred on exploiting the country's mineral wealth.

Last month Sumitomo Corporation, one of Japan's leading trading houses, became the first Japanese company to invest in South Africa since Mr Mandela's election when it bought a modest 1 per cent stake in Associate Manganese *Mines. Last year the rival Mit*subishi Corporation advanced a $28m loan to Western Platinum for mining development and Nippon Denko, an offshoot of Nippon Steel, linked with the local NST Ferrochrome to produce high-carbon alloys for the Japanese market.

Beyond the mining sector, Marubeni Corporation established a joint telecoms venture with the British-linked Plessey *Tellumat. But in all, just 30* Japanese companies have offices in South Africa compared with 130 US groups.

And most show no immediate desire to expand. As a Sumitomo official in Tokyo puts it, "South Africa is a very distant, very unfamiliar country, not just for us but for most Japanese companies. We remain very cautious about major commitments."

Donor nations pledge $6bn aid to India

By Shiraz Sidhva in New Delhi

India's donor countries yesterday pledged $6bn (£3.9bn) for the financial year 1994-95 to meet India's "continued need of high-quality, long-term development assistance" for projects in areas such as education, family planning, nutrition, rural works, and control of endemic diseases.

However, donors and financial institutions meeting in Paris at the annual two-day India Development Forum, chaired by the World Bank, urged India to strengthen its *fiscal discipline, without which* they fear the country would not be able to reap the full benefits of reform.

Echoing the concerns of other donors, Mr Joseph Wood, vice-president (Asia) of the World Bank, who presided over the meeting, warned that the "sharp deterioration of India's fiscal performance in 1993-94 threatens the future stability of the economy, reduces fiscal flexibility, and undermines the credibility of the overall structural reform programme."

The aid package is lower than last year's figure of $7.4bn and $7.2bn in 1992-93, though pledges of concessional aid *(comprising grants and interest-free loans)* are up to 43 per cent from 28 per cent last year.

The Indian government has not sought a fast-disbursing assistance component this year because of its improved balance of payments position. The decision is in line with India's new strategy of becoming a "discerning and discriminating borrower of quality assistance to maximise soft loans," according to an official.

"India has made a conscious decision to restrict commercial borrowing and to concentrate on project disbursement and improving portfolio management," said Mr Montek Singh Ahluwalia, finance secretary, *and head of the Indian delegation.*

Japan continues to be India's largest bilateral donor, with a commitment of $1.2bn this year, its largest ever to India. Bilateral sources accounted for $2.4bn this year, as against last year's $3.2bn. The Japanese package covers 12 projects in sectors such as power, environment, and road building.

The World Bank continues to be the largest source of multilateral pledges, accounting for $3.5bn of the total of $3.6bn.

The International Development Association, the soft-lending arm of the World Bank, will today pledge $3.5bn *worth of assistance for development projects.*

Venture with Russia allays ministry fears

India and Russia have agreed to launch a $400m (£263m) joint venture company to ser*vice and manufacture spares* for military aircraft of Russian origin. The deal was signed by Mr Narasimha Rao, India's prime minister, and Russian president Boris Yeltsin in Moscow, writes Shiraz Sidhva.

The deal, one of two signed during Mr Rao's four-day visit to Russia, allayed fears in the Indian defence ministry that the substantial Russian-made component of the Indian Air Force fleet would be redundant if Russia refused spares to India.

Russia also agreed that India should have access until September this year to an $830m credit negotiated with the former Soviet Union for the purchase of defence items and spares. A large part of the credit, which has been frozen since early 1992, is still unused.

The proposed joint venture company will be based in India.

NZ has first budget surplus since 1978

By Terry Hall in Wellington

New Zealand recorded a budget surplus of NZ$527m (US$311m) in the year to June 1994, its first since 1978 and the start of what Mr Bill Birch, finance minister, called the start of a "virtuous circle".

As a result of the painful economic reforms of the past decade, New Zealand would now reap the benefits over the coming years, he said.

"The stronger growth we now have creates more jobs, which increases taxes, and the surpluses we will achieve will be used to repay debt, leading to stronger growth."

The surplus was a big improvement on the projected deficit of NZ$2.3bn forecast by the Treasury in last year's budget, although this was revised to a deficit of NZ$1.4bn last November. The improvement is due to higher-than-expected tax receipts as the economy grew faster than predicted at about 5 per cent of gross domestic product.

This led to a rise in employment of about 86,000. Corporate earnings were up sharply, as many companies came to the end of tax loss, and started paying full tax.

The government also kept a tight rein on its spending, while social welfare costs remained at a low level after the cuts of 1991.

Mr Birch forecast that the budget would show a surplus of $NZ730m in 1994-95, rising to $NZ2.5bn in 1995-96 and NZ$4.5bn in 1996-67. He said this would allow tax cuts.

Meanwhile, New Zealand would have to continue to show restraint and the emphasis would be on repaying overseas debt.

> Restraint will be needed and the emphasis will be on repaying overseas debt

The better economic times meant the government was able to start repaying a "social dividend" for those who had been hurt hardest during the reform period.

Mr Birch said he would be spending an extra $NZ450m over the coming year in various social welfare areas. The greatest sum, NZ$240m, will go on hospitals and help for the mentally ill. But more will be spent on income support for the poor, and on housing, education, research and development, roads and tourism.

Opposition leaders criticised the government for allocating only an extra NZ$9m to the unemployed.

Japan may slow moves on economy

New cabinet will steer clear of sensitive issues, **William Dawkins** reports

Japan's new three-party cabinet is populist, conservative and likely to mark a pause in Japan's progress toward a more open economy and power structure.

As expected, most of the top jobs went to the right-wing Liberal Democratic Party, which holds the foreign, defence, home affairs and international trade and industry ministries among its 13 cabinet seats. It gives the cabinet the experience lacking in its coalition partners.

The left-wing Social Democratic Party gets five, while the New Harbinger Party, a former LDP splinter group, which forms the smallest member of the coalition gets two, including the vitally important finance ministry. The previous pronouncements and track records of Mr Tomiichi Murayama's team indicate the new government's main policies will be as follows: coalition partners will focus on the few areas where they have something in common.

They will steer clear of sensitive matters such as energy, where the SDP believes Japan must freeze its nuclear programme, or defence, where the Socialists believe Japan's army is unconstitutional.

● The Economy: The government is expected to push for a several-year income tax cut, possibly in a tax reform bill this autumn, but to leave the timing and scope of any increase in consumption tax vague.

The finance ministry and fiscal conservatives in the LDP will fight for a rise in consumption tax, on grounds that extra revenue is urgently needed to curb the rising public-sector borrowing requirement (5 per cent of gross domestic product, according to the Organisation for Economic Co-operation and Development). But the decision will be swayed by the New Harbinger party's tax-cutting Mr Masayoshi Takemura, whose arrival will cause alarm among ministry mandarins.

He yesterday repeated his opposition to finance ministry plans to raise consumption tax, a row over which caused Mr Takemura to walk out of a former coalition government. Mr Takemura's appointment is a boon to the SDP, which opposes a rise in sales tax even more than his party does.

● Deregulation: Large sections of both the LDP and SDP prefer deregulation to proceed at an even slower pace than under the previous two reform-minded coalition governments. The LDP is sensitive to its small business support base, reluctant to face an increase in competition. The SDP is pulled in opposite directions by its two main types of supporter, conservative farming communities and the pro-deregulation trade union movement, Rengo.

On balance, it has a record of being unenthusiastic on deregulation, as shown by its resistance to last year's ending of the ban on rice imports.

● Foreign and trade policy: The LDP's Mr Yohei Kono, foreign minister, and his Socialist boss, Mr Murayama, are staunch pacifists, which suggests they will press for a soft line on North Korea's nuclear ambitions.

Here, they will have the support of Mr Takemura, who has been close to Pyongyang since arranging a meeting between Kim Il-Sung and a senior member of the LDP four years ago. All three members of the coalition oppose non-United Nations sanctions against North Korea. Mr Kono, but not all his LDP followers, and his two partners agree Japan should not revise Article Nine of the constitution, which forbids the use of force to settle international disputes.

The prime minister and foreign minister may also, because of their pacifism, tone down Japan's bid for a permanent seat on the UN Security Council and for wider participation in UN peace-keeping. As a result, Japan may take a generally lower profile on the world stage while this government is in office. The strong hawkish streak on the right wing of the LDP is likely to enliven this coalition's reign.

● Political reform: Mr Murayama surprised critics yesterday by pledging to speed the re-drawing of electoral boundaries and hold elections under the new rules opposed by many of his own party members only last January. The new boundaries will be ready by autumn, but the coalition might hold on longer if it can control its internal differences on this and other policies. The new boundaries are the final stage in the re-design of the political and electoral system, including curbs on political fund-raising. Mr Kono equivocally supports reform.

Mr Murayama's electoral pledge disappointed the SDP and LDP old guard, who suspect they would do less badly in a quick election under the old system than under the new. Against that, they fear a public backlash if they are seen to be resisting popular reform. The new prime minister symbolically signalled he wanted to break with the LDP's record of political corruption by giving the construction ministry to a Socialist. Public-works contracts were at the centre of a recent judicial crackdown on corruption.

One entirely legal vestige of the old political way is present in the cabinet: the strength of family ties. Ms Makiko Tanaka, the straight-talking daughter of former Prime Minister Kakuei Tanaka, becomes director-general of the Science and Technology Agency, during her first term in parliament. Few politicians land a cabinet job so early in their careers.

THE NEW CABINET

Prime Minister	Tomiichi Murayama (SDP)
Deputy Premier/Foreign Minister	Yohei Kono (LDP)
Agriculture, Forestry & Fisheries	Taichiro Okawara (LDP)
Chief Cabinet Secretary	Kozo Igarashi (SDP)
Construction	Koken Nosaka (SDP)
Education	Kaoru Yosano (LDP)
Finance	Masayoshi Takemura (NHP)
Health & Welfare	Shoichi Ide (NHP)
Home Affairs	Hiromu Nonaka (LDP)
International Trade & Industry	Ryutaro Hashimoto (LDP)
Justice	Isao Maeda (LDP)
Labour	Manso Hamamoto (SDP)
Posts & Telecommunications	Shun Oide (SDP)
Transport	Shizuka Kamei (LDP)
DIRECTORS-GENERAL OF GOVERNMENT AGENCIES (STATE MINISTERS):	
Defence	Tokuichiro Tamazawa (LDP)
Economic Planning	Masahiko Komura (LDP)
Environment	Shin Sakurai (LDP)
Hokkaido/Okinawa Development	Sadatoshi Ozato (LDP)
Management, Co-ordination	Tsuruo Yamaguchi (SDP)
National Land	Kiyoshi Ozawa (LDP)
Science & Technology	Makiko Tanaka (LDP)

LDP= Liberal Democratic party SDP= Social Democratic party NHP= New Harbinger party

Let's try to keep things moving – Patten

By Simon Holberton

Critics of Hong Kong's governor Mr Chris Patten have often said he would have to trade advances in Hong Kong's political development for Chinese concessions in economic matters.

Yet yesterday, just hours after denouncing the vote in Hong Kong's Legislative Council that extended the franchise in the British colony, China initialled a treaty with Britain on the use of military land after sovereignty is returned to Beijing in 1997.

"I am just pleased that 'the-end-of-the-world-is-nigh' brigade will now have to hang up their clapper boards," said the governor in an interview yesterday.

The view in the colony now is that Beijing has separated the economic from the political.

With the vote in LegCo early yesterday morning securing the political reforms he sought, Mr Patten is keen to move on and deal with practical issues of transferring sovereignty to China in 1997.

Although the development of democracy in Hong Kong has been the most contentious issue dividing Britain and China in the past two years, the governor detects a willingness by Beijing to deal with the nitty gritty. With the military land deal on the way to being resolved, talks about airport finance may also be nearing completion.

"I think it is possible to co-operate across the board and we will be looking in the coming months for ways to build on the momentum," Mr Patten said.

In the early hours of Thursday morning Mr Patten scored a narrow victory in LegCo when lawmakers voted for his plans to extend the franchise in next year's elections.

"The decision has been taken by the people of Hong Kong, not imposed upon them," he said. "The process is almost as important as the institutions which [the] vote put in place. Hong Kong stood up for itself.

"But we've got to try to increase China's understanding and remove its mistrust about Hong Kong – a feeling that somehow Hong Kong's aspirations represent a threat.

"[The] vote wholly involved the United Front [pro-Beijing] politicians in Hong Kong. Chinese officials played an active part in trying to influence the outcome of the vote. It was good that they were involved in that way."

Beijing's official position yesterday was that fresh elections will be held in Hong Kong after China regains sovereignty in 1997.

Next on the agenda is resolving the long-running dispute with Beijing about funding Hong Kong's multi-billion dollar airport project. "We are extremely close to an agreement," said Mr Patten.

Yesterday Mr Guo Fengmin, China's chief representative to the Joint Liaison Group, said that in drafting the agreement "some problems emerged which need to be further clarified". It is understood these relate to allowing the government corporations building the airport and connecting railway to approach bankers. Mr Guo said he hoped a draft agreement could be "completed in the near future".

Mr Patten said there was much that Britain and China had to get done in the coming three years. This included the localisation and adaptation of Hong Kong's law and air service agreements with other countries.

China's co-operation was also needed when it came to the government's social agenda. The government will soon be publishing a consultation paper on its plans for a state-funded old age pension. "It is essential to carry China with us."

Mr Patten said a meeting with Mr Lu Ping, China's top official on Hong Kong, would be a boost to relations. When Mr Lu visited the colony in early May he snubbed the governor.

"I would like to [meet him] whenever Mr Lu thought it possible, practicable and desirable. I happen to think it is desirable now and I think the Hong Kong people think it is desirable."

Mr Patten is under no illusion that the events of this week will mean plain sailing until 1997.

"This job is not going to get any easier. I don't seek to alarm or to forecast typhoons, but the job is going to be intensely difficult and intensely challenging right down to the wire."

Former Elders executive jailed

By Nikki Tait in Sydney

Mr Kenneth Jarrett, the former Elders IXL executive who has agreed to give evidence against Mr John Elliott concerning the Melbourne-based businessman's role in A$66.5m ($48.5m) worth of allegedly fictitious foreign exchange transactions, was sentenced to 18 months in jail yesterday.

However, Mr Justice Coldrey suspended 12 months of the sentence, saying it could not have been easy for Mr Jarrett to "break ranks" and co-operate with the authorities. Mr Jarrett had pleaded guilty to one charge of failing to act honestly between 1986 and 1990 as an officer of Elders IXL, the large Australian brewing and agribusiness group formerly headed by Mr Elliott.

Theft charges were brought against Mr Elliott, a past president of the Australian Liberal party and one of Australia's most prominent entrepreneurs in the 1980s, and a number of other Elders executives including Mr Jarrett, shortly before Christmas.

Essentially, the prosecution is arguing that the forex transactions were used to funnel money to companies connected to Mr Allan Hawkins, a New Zealand-based businessman who is in jail. Mr Jarrett's account supports these allegations. However, Mr Elliott has consistently denied any wrongdoing. The matter is due to come to trial next month.

Australian rates speculation grows

Speculation that Australia's official interest rates may rise in the near term was fuelled yesterday when monthly economic data showed a large rise in building approvals for May, and an unexpected widening of the current account deficit for the same month, writes Nikki Tait.

Building approvals rose 10.4 per cent, compared with market forecasts of a small fall. This indicated that any slowdown in Australia's booming housing market is some way off and stoked fears of domestic inflationary pressures.

Meanwhile, the current account deficit widened to A$1.71bn (US$1.25bn) in seasonally-adjusted terms, compared with A$1.65bn in the previous month. Analysts had expected a deficit of about A$1.4bn.

Mr Ralph Willis, the Australian treasurer who has insisted there was no sign of incipient inflation and that interest rates did not need to rise at this stage, said the balance of payments figures were "broadly consistent with budget forecasts". He claimed the growth in imports supported the government's expectation of a strong acceleration in investment spending over the coming year.

Pleasant surprise as shares go higher

By Emiko Terazono in Tokyo

Traders at Nikko Securities, who started their morning with long faces yesterday on prospects of a plunge on the Tokyo stock market, were pleasantly surprised after Japanese shares closed moderately higher.

Many analysts had expected financial markets to react negatively to the uncertainty posed by the new socialist leader, but investors chose to look on the bright side, seeing the new administration as fiscally expansive, supporting further cuts in income taxes, and discarding tax rises.

After a brief plunge, the leading Nikkei index closed up 162.93, or 0.8 per cent, at 20,643.93, on hopes of a imminent recovery of corporate earnings and the economy.

But investor confidence was virtually unaffected due to the belief that bureaucrats will continue running state affairs, including economic management. "There is no socialist government, just a socialist prime minister within a coalition," Mr Tom Hill, strategist at brokers SG Warburg in Tokyo, said.

Favourable news for the economy, on the other hand, suggested higher interest rates, depressing the bond market. Currency traders were more unsure of the new regime as doubts over the prime minister's handling of trade talks with the US and the Naples summit kept the yen above Y99 to the dollar. It closed up Y0.32 at Y98.95.

Japanese Prime Minister Tomiichi Murayama (centre) with Finance Minister Masayoshi Takemura (left) and Yohei Kono Reuter

YOHEI KONO

Alliance's architect

Mr Yohei Kono, Japan's new deputy prime minister and foreign minister, was the principal architect of the incongruous alliance of socialists and Liberal Democrats now ruling Japan, writes Gerard Baker in Tokyo.

Elected to lead the LDP following its defeat last summer, he has spent most of the past year attempting to unseat the governments of Mr Morihiro Hosokawa and Mr Tsutomu Hata, finally patching together a deal with the socialists minutes before Wednesday night's vote in the lower house of the Diet.

Mr Kono, a 57-year-old former cabinet secretary in the last LDP government of Mr Kiichi Miyazawa, has a reputation as a firm supporter of Japan's pacifist constitution. He moves to the Foreign Ministry as a lively debate is under way about Japan's international role.

Some in the ministry favour giving the country a stronger presence in the international arena, but Mr Kono has said that Japan should be a "soft power", developing its political and economic role rather than a military one.

He has tried to distance the LDP from its scandal-ridden past, building on a reputation earned in the 1970s as an early member of the party's reformist wing.

Mr Kono left the party in 1976 to form a breakaway group, the New Liberal Club, following the Lockheed payoff scandal. But his reputation was not enhanced by a decision to rejoin the LDP in 1986, even though the party had changed little.

MASAYOSHI TAKEMURA

Popular policies

Mr Masayoshi Takemura has made a spectacular comeback at the head of Japan's Finance Ministry, its most powerful bureaucracy, despite being constantly undermined, in his days as chief cabinet secretary in the Hosokawa administration, by Mr Ichiro Ozawa, the backroom strategist, writes Emiko Terazono.

Not only does the Finance Ministry govern state budget, tax policy and financial markets, it also supervises the Bank of Japan's monetary policy.

So far his pronouncements as finance minister have been sweet to the public's ears. Yesterday he stressed he would pursue income tax cuts but ruled out an immediate consumption-tax increase. He has gained electoral popularity through his low-key style, is a self-professed environmentalist, and has been calling for a green tax to help conserve the regional environment.

Along with members of the Socialist party, Mr Takemura is known for his strong ties with North Korea. He has visited the country three times, including a trip he organised for Liberal Democrat and Socialist elders to meet President Kim Il-Sung in 1990.

Such ties pose risks for swift Japanese decision-making towards North Korea were a crisis to erupt. In contrast to Mr Ozawa, he envisages a more discreet role for Tokyo in the international arena, claiming Japan should maintain its role as a pacifist country, and strongly opposes its financial involvement in regional military crises.

Pledges leave PLO with a cash shortfall

Arafat is angered by donors' contributions to the start-up costs for West Bank and Gaza, writes **Roger Matthews**

Mr Yassir Arafat, leader of the Palestine Liberation Organisation, will today head to the land he has sought for so long, supported by more than $2.4bn (£1.57bn) in pledges of aid but few dollars in his pocket.

The once-wealthy PLO is teetering on the edge of bankruptcy, and international donors seem determined that its coffers will not be replenished to the detriment of the West Bank and Gaza strip's development.

At a lunch in Tunis last week with western diplomats, Mr Arafat did not disguise his anger at the "derisory" cash sums he was being offered to help set up the Palestinian organisations required to take over the administration of territories freed from Israeli occupation. Even senior PLO officials, especially those without direct family ties in the West Bank and Gaza, were yesterday pondering such basic issues as how they would pay for their impending move and find somewhere new to live.

The conflict between immediate, and partly political, needs and the longer term economic and social requirements of the territories can only be resolved by the international aid donors.

The two largest, the US and the EU which together have pledged more than $1bn over the next five years, recognise the need to sustain Mr Arafat politically against his radical opponents.

But the amount of pledged aid that can be diverted into start-up costs and budget support for the new administration is often limited by the legal restraints under which the donor governments must work. Even more difficult is to provide Mr Arafat and his colleagues with what American politicians describe as "walk about" money. Such requirements sit uneasily alongside demands for "transparency and accountability" in the use of funds.

For the past two months these issues have dominated the PLO's contacts with donors, at some cost to the urgent work needed to translate pledges into projects and to answer the criticism of Palestinians in the territories that nothing on the ground has changed since Israel and the PLO signed their initial agreement in September.

Of the $2.4bn in development funds on offer over the next five years, $720m has been earmarked for the first 12 months of the new self-rule authority, a figure well beyond the capacity of the territories to absorb.

World Bank officials estimate that initially the absorptive capacity, excluding recurrent costs, will be in the region of 10-12 per cent of gross national product, or about $280m-$300m. Some $60m has already been disbursed, with another $350m committed, and Palestinian officials are scheduled by the middle of July to submit a further list of projects for consideration.

A key task now is to resolve priorities and persuade the donors to be flexible in their selection of projects.

"We are finding that some countries only wish to be involved in certain prestige projects where they can see long-term commercial benefit. And there are also many difficulties in different demands for bidding procedures, and with those governments which insist that contracts can only be awarded to companies from their own countries," said a member of the Palestinian economic council for development and reconstruction.

These complications have been compounded by the lack of urgency demonstrated by Mr Arafat in appointing staff and his unwillingness to delegate authority.

He has, however, also been handicapped by the belated recognition that start-up costs of the new administration and its projected budget deficit for the first two years would be substantial.

The gap to be covered until the end of 1994 is put at $168m. Of this $133m has so far been committed, with $60m of it in a special fund administered by the World Bank and named after Johan Joergen Holst, the late Norwegian foreign minister. The Holst fund has been financed by governments which were persuaded to switch development funds into direct cash aid. They include Saudi Arabia and Kuwait which, because of Mr Arafat's support for Iraq during the Gulf war, had been adamant that none of their contributions should be used to sustain the PLO.

It was the World Bank's suggestion that the Holst fund should be drawn down by $10m a month that Mr Arafat characterised as "derisory", and prompted him to dispatch Mr Ahmed Qurei, the economy supremo in the new administration, to Washington for talks at the end of last week. The result has been an agreement to step up the monthly payments to $13m, but the quest continues for more donations to the fund.

The danger is that the Palestinian self-rule authority will become addicted to international aid, a risk compounded by the further delays certain to be prompted by the weight of unresolved political issues, including negotiations over Israeli withdrawal and redeployment in the West Bank.

There has also been an underlying assumption in drawing up financial estimates that Israel will be generous, both in the repayment of a proportion of tax already collected and in reopening its borders to Palestinian workers whose earnings have in the past contributed some 30 per cent of the territories' GNP.

These are not the sort of assumptions on which professional gamblers would place much of a wager. Neither would they bet on Mr Arafat accepting that much of the $2.4bn is not money in the bank, but funds which will only be disbursed on the implementation of projects.

Striking the right balance between the political and economic needs of the territories is likely to test the judgment of international donors for a considerable time.

Bhutto in missile warning

By Tim Coone in Dublin

India's plans to deploy a medium-range missile system with its armed forces threatens to trigger a regional arms race in southern Asia, Ms Benazir Bhutto, Pakistan's prime minister, warned in Dublin yesterday.

On a three-day official visit, she said Pakistan has shown "tremendous restraint" by not responding in kind to India's testing of a nuclear weapon and the successful test-firing of its Prithvi missile system.

"We have not detonated a (nuclear) device, although India has detonated a device. We have shown tremendous restraint." But the increase in India's defence budget and its recent decision to deploy the Prithvi missile system with its artillery corps have been "highly provocative, (and) threatens to trigger a missile race in the sub-continent".

The Prithvi is believed capable of carrying a nuclear warhead up to 250km.

NEWS: OECD ECONOMIC OUTLOOK

■ Steady growth and low inflation forecast ■ Government debt remains a problem ■ Warning on jobs

World recovery gathers pace

By Gillian Tett in Paris

Economic recovery is now well under way in the industrialised world, with the US, Japan and Europe *all forecast* to see steady growth and low inflation over the next two years, the Organisation for Economic Co-operation and Development reports in its latest half-yearly outlook.

But this growth may not be enough to solve the longer term problem of government debt, and the industrialised economies will need to expand more rapidly than in the last two decades if they are to return to a period of high employment, the report adds.

The Paris-based body, which represents 25 industrialised nations, paints an upbeat picture of current prospects. For the first time since 1991 the OECD has revised its forecasts of growth upwards, with the industrialised economies expected to expand by 2.5 per cent this year and nearly 3 per cent next.

The OECD's last forecast, made in November, envisaged 2.1 per cent growth this year and 2.7 per cent in 1995.

The US, the UK, Australia and New Zealand are at the forefront of this growth, with recovery in these countries now well entrenched, the report says. But the outlook for Japan has also brightened. *And* though domestic demand remains weak in continental Europe, rising exports are expected to lead to steady growth and a significant turnaround in Europe's trading *position.*

The European OECD countries reported a $4bn (£2.6bn) trade deficit in 1992, and a $65.7bn surplus last year. The trading position is expected to rise to a $112.7bn surplus this year.

However, in spite of this optimistic forecast, the OECD insists that "this is not the time for any relaxation of policy effort".

"The most pressing basic policy problem remains high, and in Europe still rising, unemployment," Mr Kumiharu Shigehara, the OECD's chief economist, said yesterday, echoing the OECD's jobs study released earlier this year.

The most pressing basic policy problem remains high *unemployment, especially in Europe where it is rising.* Although unemployment is projected to decline slightly next year, most of the improvement will be in the US

Although unemployment is projected to decline slightly next year, most of the improvement will be in the US.

The report warns that unemployment in Europe will remain at some 12 per cent of the labour force.

Another cloud on the horizon is the high level of government debt, which seems set to be a continued drag on economic growth, the report adds. During the recent recession government budget positions across the industrialised world weakened by, on average, 3 per cent of GDP, the report notes.

In the short term the OECD believes that this deficit will drop slightly because recovery should boost budget positions and most OECD countries – with the notable exception of Japan – have tightened fiscal policy since last year. But even if the governments stick to these fiscal measures, this will still only stabilise the deficit at 1-2 per cent of GDP by the end of the decade – a level that would leave the total public sector debt running at around 75 per cent of GDP for the OECD as a whole, well above the 60 per *cent levels seen in the late* 1980s, the report warns.

And if growth slows – a distinct possibility, according to the OECD – the debt position could be far worse. "Only slightly lower growth – by half a percentage point per year – could lead to debt levels in 2000 averaging close to 85 per cent of GDP," the report says.

A third worrying sign, the OECD says, comes from the recent rise in long-term interest rates on financial markets.

The policy implications of this rise vary for different countries, the OECD says – though the increase in rates may reflect rising inflation expectations or public sector debt concerns in some countries, it is also being driven by greater market volatility and increased risk-aversity among market traders, the report says.

In the US, where recovery is strong and spare capacity levels low, a "neutral" policy is needed to ward off inflation, the report suggests.

In other countries such as the UK and Canada, which are also seeing recovery but with higher levels of spare capacity, the same forces that pushed up US interest rates will increasingly come into play.

But in countries where recovery has barely begun – such as Japan – there may be more room for easier monetary conditions. Nevertheless, the OECD concludes: "In all countries, insofar as real long-term interest rates are considered to be too high, the solution is more likely to be found in more ambitious reduction of budget deficits."

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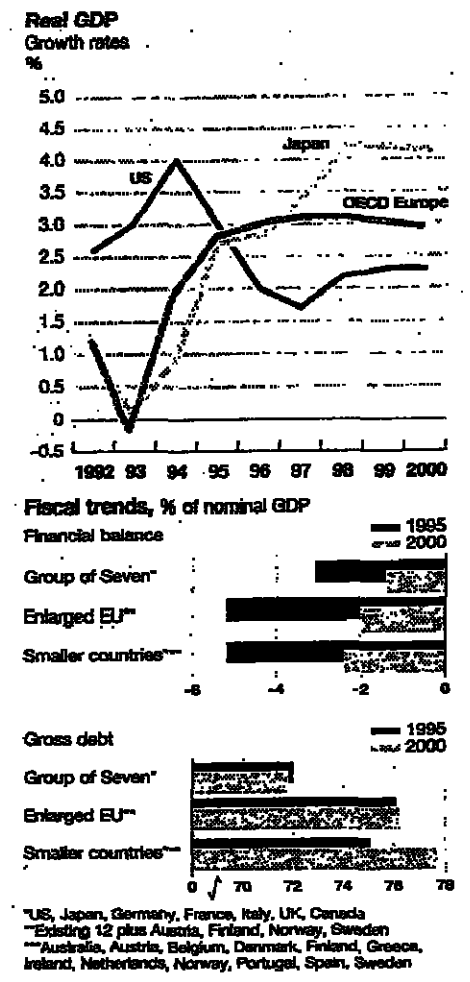
OCDE OECD Outlook for the medium-term

Summary of projections
Seasonally adjusted at annual rates

	1994	1995	1996
Real GDP (% change)			
US	4.0	3.0	2.0
Japan	0.8	2.7	2.8
Germany	1.8	2.6	2.8
OECD Europe	1.9	2.8	3.0
Total OECD	2.6	2.9	2.8
World Trade (% change)[1]	6.7	7.2	6.9
Inflation (% change)[2]			
US	2.1	2.8	3.2
Japan	0.8	0.8	1.1
Germany	2.8	2.0	1.9
OECD Europe[3]	2.9	2.4	2.4
Total OECD[3]	2.1	2.3	2.5
Unemployment (% of labour force)			
US	6.3	5.8	6.0
Japan	2.9	2.8	2.8
Germany	10.0	10.0	9.9
OECD Europe	11.7	11.8	11.6
Total OECD	8.5	8.3	8.2
Budget balance (% of GDP)[4]			
US	-2.6	-2.1	-1.6
Japan	-1.9	-1.7	-1.1
Germany	-2.9	-2.8	-2.8
OECD Europe[5]	-6.1	-5.2	-4.4
Total OECD[5]	-4.0	-3.3	-2.7
Current balance (% of GDP)			
US	-2.1	-2.1	-2.1
Japan	2.8	2.5	2.3
Germany	-0.7	-0.2	-0.1
OECD Europe	0.7	1.0	1.1
Total OECD	0.1	0.1	0.1

1 Arithmetic average of growth rates of world import and export volumes.
2 GDP deflator.
3 Excluding Turkey.
4 General government financial balance as % of nominal GDP.
5 Excluding Iceland, Luxembourg, New Zealand, Switzerland and Turkey.



*US, Japan, Germany, France, Italy, UK, Canada
**Existing 12 plus Austria, Finland, Norway, Sweden
***Australia, Austria, Belgium, Denmark, Finland, Greece, Ireland, Netherlands, Norway, Portugal, Spain, Sweden

Japan's growth may be slowed by strong yen

The strengthening of the yen could undermine economic growth in Japan by reducing the level of Japanese exports, the OECD outlook warns, writes Gillian Tett.

Though the Japanese economy is expected to pick up this year, it is still the slowest growing of the "big three" industrialised economies, lagging behind the US and Germany, the report adds.

With the Japanese economy *still very weak,* the main factor in the projected turnround in the economy will be the fiscal package unveiled by the Japanese government in February, the *OECD* says.

The combination of tax cuts and higher public spending is expected to boost consumption and residential investment, leading to higher growth later this year.

But Mr Kumiharu Shigehara, *OECD chief economist,* yesterday warned that in the light of the yen's recent strengthening on the markets, "recent financial market developments entail the risk of weaker growth of output in Japan".

A weaker dollar could also add to inflationary pressures in the US, Mr Shigehara added. However, he pointed out that in spite of the dollar's decline against the yen, it remained strong against most other currencies.

And though growth in US GDP is forecast to slow to 3 per cent next year, from 4 per cent this year, this rate is still expected to reduce the unemployment rate "below levels consistent with stable inflation", the report says.

The strong *US* demand *is* expected to suck in more exports, leading to a deterioration in the US balance of trade.

In European countries such as Germany, in contrast, rising exports are expected to be a key factor in economic growth – *though the OECD* also *warns* that German output growth will be slow in 1994, with domestic demand not expected to pick up until 1995.

Rise in British investment forecast

The recovery in Britain will become more broadly based this year, resulting in a steady pace of growth, the OECD forecasts in its outlook, writes Gillian Tett.

Although the UK's economic improvement is now well entrenched, business investment was, until recently, "the missing ingredient", the outlook says. But in the coming months private investment should start to support the recovery "as company balance-sheet positions and cash flow continue to improve", the report adds.

The OECD's overall forecasts for the economy are slightly more upbeat than the UK government's own estimates.

Whereas the UK Treasury *forecast earlier this week* that GDP would grow by 2.75 per cent this year and next year, the OECD predicts growth of 2.8 per cent this year, followed by 3.2 per cent in 1995.

Consumers are forecast to continue spending, in spite of April's tax rises – although private consumption growth is expected to dip slightly in the second half of this year, it is expected to pick up after that. The main factors boosting this growth, the OECD says, will be a rise *in employment*, a further fall in the household savings rates, and a mild rise in house prices.

The inflation outlook "remains benign", the report says, although the OECD's forecasts are slightly higher *than those of* the Treasury. The OECD's internationally compatible measure of consumer price inflation forecasts a rise of 2.9 per cent this year, while the government forecasts underlying inflation will be 2.5 per cent at the end of this year.

Debate on 'zero inflation' reopens

The battle against inflation is proceeding well – but governments now need to gear up for the next stage of the campaign. With inflation forecast to remain at low levels across the *industrialised world, it is time* to clarify the longer term inflation goals, says the OECD, writes Gillian Tett.

Part of the problem stems from the monetary authorities' own success, it says. In the past, most governments have assumed that their goal was to achieve "low inflation", often implicitly defined at around 2 per cent.

But inflation is now running near this level in many countries, and is forecast to remain stable over the rest of this year before rising slightly *in 1995.*

As a result, the question of whether governments should be aiming lower for "zero inflation", has re-entered the policy arena, the report says.

Supporters of this zero target, the OECD points out, claim that this would "provide a clear, easily communicated goal".

However, the OECD suggests that a "zero" goal is dogged by problems. Governments which announce a zero goal run the risk of looking overly ambitious and losing market credibility. Indeed, once inflation falls to these very low levels, there may be problems assessing the target number itself – consumer price indices in the US and Canada in particular become more ambiguous once inflation falls below 3 per cent.

As a result, the OECD concludes that most governments will continue to aim for above zero targets – although it warns that "a good deal of judgment is required as to what they might imply in numerical terms".

Fiske inquiry finds White House aide Foster's death was suicide

S&L probe clears Clinton

By Ken Warn in Washington

Mr Robert Fiske, the special prosecutor investigating the Whitewater affair, yesterday said he would not bring criminal charges over a savings and loan investigation involving President Bill Clinton.

Mr Fiske also confirmed police findings that Mr Vincent Foster, a White House aide, committed suicide.

Mr Fiske was releasing his first findings on Whitewater since he was appointed by Ms Janet Reno, the attorney general, this year. The probe, which originally centred on Mr and Mrs Clinton's financial dealings in Arkansas in the late 1970s and 1980s, later broadened to include the White House's handling of investigations into those dealings and Mr Foster's death.

The report concludes there is insufficient evidence that meetings between the then deputy Treasury secretary, Mr Roger Altman, another Treasury official and White House staff to discuss an investigation into Madison Guaranty, a failed Arkansas saving and loan, broke the law.

Some of Mr Clinton's opponents have implied that the White House might have wanted to influence the investigation into Madison Guaranty. Federal investigators claim that Madison may have improperly diverted depositors' funds to Mr Clinton's gubernatorial campaign and to the Whitewater property development in Arkansas, in which the Clintons had a stake.

The report dismissed allegations that Mr Foster's death – he was found shot in July 1993 – might have been other than suicide. It also concluded that matters relating to Whitewater and to Madison did not play a part in it.

In an extensive examination of Mr Foster's state of mind, Mr Fiske points to a wider pattern of depression. Mr Foster had been exhausted and anxious, particularly over criticism of his role in the sacking of employees from the White House travel office.

The White House said the findings showed neither the president nor his wife broke any laws in the affair. The report on Mr Foster, a long-time friend of Mr Clinton and his wife's former law partner, was especially welcomed. "This should put to rest the irresponsible speculations – many of them politically motivated – that something more sinister occurred," said Mr Lloyd Cutler, the White House special counsel.

However, Mr Fiske has not completed an investigation into the handling of Mr Foster's documents immediately after his death. This was in its final stages and should be finished shortly, Mr Fiske said.

His investigation is now expected to focus on the Clintons' Arkansas business dealings, but a final report could be months if not years away.

Congress is also due to begin its own hearings into some aspects of Whitewater this month.

Fiske: inquiry broadened

Gurus of grunge in antitrust ticket claim

By Jeremy Kahn in Washington

The gurus of grunge music – the Seattle-based modern rock band Pearl Jam – yesterday accused Ticketmaster, the US ticket distributor, of violating antitrust laws, to a packed congressional meeting room.

The US Department of Justice, at Pearl Jam's behest, launched a formal investigation in May into Ticketmaster's virtual monopoly on sales in the US entertainment markets. A House subcommittee that oversees justice department operations called yesterday's hearing to look into Pearl Jam's allegations.

The dispute centres on the service charges Ticketmaster adds to the price of the seats it distributes. Pearl Jam, who have pledged to keep their ticket prices under $20, claims these charges make it impossible to stage low-cost concerts.

Band members testified that they were unable to find an alternative ticket distribution system because Ticketmaster has cornered the market in the US after the Justice Department gave it permission to acquire its failing competitor, Ticketron, in 1991.

"It is today virtually impossible for a band to do a tour of large arenas or other significant venues in major cities and not deal with Ticketmaster," Mr Stone Gossard, Pearl Jam's guitarist, said.

But Mr Fred Rosen, Ticketmaster's chairman, denied his company was violating anti-competitiveness laws: "It is frankly a matter of some concern to us that a rock band can, by virtue of their celebrity status, cause this kind of hearing to take place."

Christopher's line on Haiti pleases Senate

Military blamed for number of refugees, reports George Graham

Blaming the upsurge in the number of Haitians fleeing their country on "the illegitimate military regime's repression", US secretary of state Warren Christopher yesterday insisted that diplomatic and economic pressure would succeed in driving out the military leaders who ousted President Jean-Bertrand Aristide three years ago.

"The longer the tragic situation continues, the harder it will become for those wealthy people who have propped up the dictatorship. In particular, the more protracted the crisis, the more tenuous is the future of the Haitian military," Mr Christopher told the Senate foreign relations committee yesterday.

Over 2,500 Haitians have been picked up by the US Coast Guard in the last four days, fleeing to the US in small and often home-made boats and threatening to swamp the refugee processing system the administration has set up in Jamaica.

The Turks and Caicos Islands have agreed to allow the US to set up another processing centre and President Bill Clinton has decided to reopen a refugee camp at the US Guantanamo Bay military base in Cuba – a solution adopted by former President George Bush before he decided simply to repatriate all Haitians picked up at sea.

Mr Christopher's insistance that the exodus was caused by the military regime's repression was designed to head off criticism that the administration had virtually invited Haitians to flee by conveying the impression that they stood a better chance of winning asylum at the new processing centre in Jamaica than in the three centres already operating in Haiti.

The administration has also tried to ratchet up its sanctions on the regime of the military leader, Gen Raoul Cedras. Earlier this week, it revoked almost all visas held by Haitians, to reinforce its existing ban on commercial flights to and from Haiti.

Mr Christopher's comments came as part of a wide-ranging discussion of US foreign policy issues before a panel of senators, many of whom were visibly worried at the prospect that the US might tire of waiting for sanctions to work, and turn to military force to restore Mr Aristide.

"All we are hearing is invasion, invasion, invasion," grumbled Senator Jesse Helms, the extreme right-winger from North Carolina who is the senior Republican on the foreign relations committee.

Mr Christopher won applause – rare and welcome in recent months, when the administration's foreign policy team has been under steady attack for inconsistency and indecisiveness – from both Mr Helms and Senator Claiborne Pell, the Rhode Island Democrat who chairs the committee.

"I'd like to commend the president and the secretary for the steady hand they have exercised at the tiller of the foreign policy ship of state... We have not been goaded into an untimely, unwise use of force, whether in North Korea or Haiti or Bosnia, that would have jeopardised American lives for an uncertain outcome," Mr Pell said.

Mr Christopher said his efforts were focused not just on immediate problems but on "what I believe to be the most important contribution that I can make to American foreign policy": the creation of long-term relationships and structures to last beyond short-term uncertainties that he likened to those facing President Harry Truman and secretary of state Dean Acheson at the end of the second world war.

"They met the challenge of reconstruction after world war II, and we are meeting the challenge of reconstruction in the post-cold war period now," Mr Christopher said.

NEWS IN BRIEF

Supreme Court rules out Florida electoral plan

The US Supreme Court yesterday threw out a Florida redistricting plan that would have increased the number of Hispanic-dominated election districts for the state House of Representatives, AP reports from Washington.

The justices said a lower court erred when it decided that Hispanic voters were disadvantaged under an earlier plan adopted by state lawmakers.

The court also ruled 5-4 in a separate case from Georgia that federal voting rights law does not require a county to expand its county commission, which consists of only one member, to give black residents a stronger voice.

The court rejected arguments that Bleckley County's single-member commission illegally diluted black voting strength. Blacks make up 22 per cent of the county's population but have never been able to elect a black commissioner.

Both cases have been closely watched as an indicator of the Supreme Court's view of how much is required under the 1965 federal Voting Rights Act to give minorities a proper chance at the polls.

Bald eagle off endangered list

The American bald eagle, symbol of the US, is off the critical list after nearly reaching extinction three decades ago, writes Ken Warn from Washington. The US Fish and Wildlife Service yesterday proposed an upgrade in the bird's status from "endangered" to merely "threatened".

The number of bald eagles outside Alaska sank to a low of 417 pairs in 1963. However, last year, over 4,000 pairs were counted. Instrumental in the bird's recovery was the banning in 1973 of the pesticide DDT. The pesticide, in wide agricultural use in the 1950s and 1960s, built up in the food chain killing many wild birds.

Environmentalists hailed the recovery as a triumph for the 1973 Endangered Species Act, now before Congress for re-authorisation. However, opponents of renewal argue that the act imposes too many restrictions on owners of property where endangered species live, impeding development.

The change in status, likely to become final in 90 days, means the birds will continue to be monitored by federal law, but not on an individual basis.

Space station plan survives vote

The planned US space station survived a critical vote in the House of Representatives by a wide margin late on Wednesday, but the $30bn (£19.7bn) project may have to trimmed back when it comes before the Senate, writes Jeremy Kahn.

After intensive lobbying by the administration, the full House voted 278-155 to defeat an amendment to kill the programme. Many feared killing the station would be a death blow for the National Aeronautics and Space Administration, which has been hard hit by congressional budget hawks in recent years. Opponents say the station is "too much money for too little science".

Redesigns 'do not destroy jobs'

The fashion for redesigning jobs to increase the efficiency of work processes has proved to be less of a job-killer than expected, a study of organisations in Europe and North America published yesterday shows, writes Christopher Lorenz. But it has also produced less striking improvements than was hoped in productivity, cost levels and timeliness.

The survey of more than 600 European and North American companies was carried out by CSC Index. It concludes that many companies are mis-applying re-engineering by being under-ambitious, and by focusing too much on cost reduction, rather than revenue creation. Small doses only, Page 12

'State takeover' of Venezuelan banks

By Joseph Mann in Caracas

The Venezuelan cabinet has approved a decree which effectively gives the government full, direct control over the country's troubled banking system.

This is the most recent measure taken by the five-month-old government of President Rafael Caldera to confront a crisis in the financial system first made public last January, when the country's second-largest bank, Banco Latino, failed. Earlier this month, the government closed down eight financial institutions that had been kept afloat by official financial assistance.

The decree calls for the establishment of an Emergency Financial Board with the power to order banks and other financial institutions to take any measures deemed necessary, remove and replace directors and executives, suspend an institution's licence to operate, and take over any or all of the company's shares in the name of the government.

Among its powers, the board can order a healthy bank to "recycle" its deposits to banks that are in trouble. One local banker, who asked not to be identified, warned: "If this is not handled intelligently, it could mean the end of Venezuela's financial system."

The panel, chaired by the minister of finance, includes the president of the Central Bank of Venezuela, the president of the Bank Deposit Guarantee Fund (Fogade), and the Superintendent of Banks.

Earlier this week Mr Julio Sosa, the minister of finance, said: "I hope it will not be necessary to nationalise Venezuela's banks, but this cannot be dismissed. Everything depends on the financial system's performance."

However, as he announced the new decree on Wednesday night, Mr Guillermo Alvares Bajares, minister of information, said, "In fact, we can call it a state takeover."

At the same time, the finance minister asked the presidents of some of the country's largest banks to reduce their interest rates on loans by 15 percentage points as part of the government's anti-inflation programme. Rates on 30-day commercial loans are now at an annual 66-67 per cent, while rates on passbook savings and longer term-deposits range from 10 to 56 per cent.

On Wednesday, the cabinet also approved a decree ordering the payment of a special bonus of $30 (£19.70) a month (equivalent) to workers earning up to $225 per month. This means that both the government and private companies will be in effect obliged to provide a big wage rise to most employees starting on July 1.

Brazil's answer to inflation: get Real

Angus Foster on the biggest currency switch 'in the history of the planet'

From midnight last night, all bank accounts in Brazil were switched electronically from cruzeiro real to the Real (R$), the new currency which the country's monetary masters hope will wipe out an inflation rate of 50 per cent a month.

"There has never been such a replacement of money in the history of the planet," said Mr Alcir Augustinho Caliari, president of Bank of Brazil.

Preparations for the changeover have been under way for several weeks. Armoured cars, escorted by the army, have been delivering new currency to bank branches around the country and the central bank has started incinerating cruzeiro real notes – and is likely to do so for months.

The old currency will continue to be legal tender for two weeks, at a set exchange rate of R$1=Cr$2,750, while the $3bn or so of outstanding notes and coins are swapped into Reals.

It is not the first time Brazil has changed its currency. The four previous occasions since 1986 involved simple changes of the unit's name or the slicing off of zeros. This time a completely new currency regime is being introduced.

The Real has been set at parity with the US dollar. A special interim accounting unit introduced in February, called the Unidade Real de Valor (Urv), also equal to the dollar, has helped prepare most wages and prices for the switch.

Salaries which were quoted in cruzeiro reals were switched to Urvs from April and, from today, will be switched from Urvs to Reals at a rate of 1:1.

Contracts covering everything from housing rents to school fees, which previously had to be corrected regularly to keep pace with inflation, are being transferred into Reals based on average prices over the last four months.

Shopkeepers were encouraged to use the Urv in preparation for the Real. But most shop prices will be switched into the new currency from today. Supermarkets were closed yesterday while price labels were changed.

Despite a TV and pamphlet campaign and a telephone information service, the government is worried many people still do not understand the mechanics of the changeover.

The parity link with the US dollar will be maintained for an "indeterminate" time – probably until after presidential elections in October – through intervention in foreign exchange markets with the help of the country's near $40bn in reserves.

The supply of the new currency will also be limited, to R$9.5bn between now and April, a slightly higher limit than expected. But the central bank will have a 20 per cent cushion in the case of emergencies. There is concern that the targets could be shifted.

Dollar parity and issuance limits are likely to reduce inflation at least for a few months, according to economists. And with the interest rate futures market for July indicating a nominal rate of about 7 per cent, some say inflation will fall to 2-3 per cent a month by August.

This price stabilisation could lead to a $20bn "windfall" for consumers as their salaries' purchasing power remains stable. This has led to fears of a consumer boom and widespread shortages. As a result, real interest rates are likely to remain high for some months.

President Itamar Franco is keen that interest rates fall quickly. However, Mr Pedro Malan, president of the central bank, said that if interest rates fell too quickly, money invested in government debt would flee to other assets, such as land and cars, leading to an "explosion of consumption".

President Franco is thought to have vetoed original plans to boost the autonomy of the central bank and strengthen its role in the National Monetary Council, Brazil's chief financial authority, because of this dispute over interest rates.

State and federal banks, which rely on profits from inflation to pay for overstaffing and often politically inspired loan policies, may face difficulties if inflation stays low. In an election year, the government is unlikely to close loss-making banks. Instead, the central bank may be told to provide short-term support, again placing in question the credibility of money supply targets.

Economists say the plan faces even more serious challenges in the medium term. Congress failed this year to revise the constitution, which places unreasonable spending demands on the government.

"We have a combination of conditions to lead to stability in the next few months. To consolidate that over the long term is up to [the future] government," said finance minister Mr Rubens Ricupero.

WORLD CUP

World crashes in on soccer's prodigal genius

Diego Maradona's spectacular tournament comeback has been obliterated by a positive drug test

Maradona with his teammates at the Cotton Bowl in Dallas ahead of Argentina's final Group D game against Bulgaria Reuter

The world's best-known soccer delinquent, Argentina's Diego Maradona, was booted out of the World Cup yesterday for taking a common – but banned – anti-asthma medication which is also a powerful stimulant. In a two-part drugs test, Maradona tested positive for ephedrine and was expelled from the tournament.

Immensely talented and super-rich, Maradona had clawed his way back to the pinnacle of international soccer at this World Cup following a career marked by wine, women, drugs and song – plus suspension for cocaine abuse.

Fifa, soccer's governing body, announced Maradona's suspension minutes after Argentina had withdrawn him from the competition anyway.

Maradona led Argentina to World Cup victory in 1986. This was his fourth appearance in the tournament – he should have made a World Cup record 22nd match appearance, against Bulgaria, late yesterday.

Julio Grondona, president of the Argentine Football Association (AFA), originally claimed that the incident might be a "minor issue," but blamed Maradona's private dietician for allowing the star to use ephedrine during World Cup play.

Dietician Daniel Cerrini had prescribed the drug and was "very sorry because it was something that was done unintentionally."

Ephedrine is a common nasal decongestant available over the counter in Maradona's home country. It is used to treat asthma, hay fever and allergies and acts on the body much like adrenalin, increasing blood pressure and heartbeat.

It was ephedrine that caused American swimmer Rick DuMont to be stripped of a gold medal at the 1972 Olympic Games. DuMont said he was taking ephedrine only under a doctor's prescription for a long-standing asthma condition.

Maradona, in the midst of a spectacular World Cup comeback after cocaine almost blotted out his career, led Argentina to victories in their first two games of the present competition.

Late yesterday Argentina were playing Bulgaria in the last of their first-round matches at the Cotton Bowl, Dallas. They have already qualified for the next round.

This is not the first time the flamboyant Maradona has failed a drugs test. He was banned from international soccer for 15 months in 1991-92 by Fifa after testing positive for cocaine, following a game for Napoli of Italy in March 1991. The next month he was arrested in Buenos Aires and charged with possession and use of drugs.

Scornful of critics who said he was as "fat as a pig," Maradona shed 26lb and nursed himself back to health and fitness so as to join the present Argentine side. He had been making an impressive comeback when – yet again – he ran off the rails.

Sources close to Fifa said that it normally considered drug offences "on a case-by-case basis."

Fifa has declined to join a worldwide effort to standardise drug punishment in sport sponsored by the International Olympic Committee. The IOC's accord generally splits drugs into two groups – those such as caffeine, which can act as a stimulant if taken in large doses, and others such as anabolic steroids, taken only to enhance performance.

Argentina would remain in the World Cup, with or without Maradona, Grondona said.

Two players have been banned by Fifa for positive dope tests at previous World Cups: Ernest Jean-Joseph of Haiti, in 1974, and, four years later, Scotland winger Willie Johnston, who tested positive for an illegal substance he used medicinally. He was sent home.

Simon Kuper adds: Prior to his latest troubles, Maradona had felt himself part of the best Argentine side he has played for – better, even, than the World Cup teams of 1986 and 1990. In 1986 Maradona more or less *was* Argentina. In 1990 their line-up was Maradona, Claudio Caniggia – and nine thugs.

"We've got the stuff that makes world champions," Maradona said of the present team. Napoli, Boca Juniors and Bolivar of Bolivia have been jostling to sign him.

The big question is why, at 33, after nearly a year out of soccer, Maradona bothered to turn up for his fourth World Cup. This is a man with nothing more to win – so full of cortizone injections that he could end up in a wheelchair and so rich that "my daughters will eat caviare every day for the rest of their lives."

He keeps going because he is not only rebellious but intensely competitive. He said that on the night Argentina scraped past Australia to qualify for this World Cup, he "wanted to be the last guy to leave the stadium. I wanted to turn off the lights and walk out with the last fan."

Maradona had talked of managing the Argentine side soon, but it was hard to see that working. Somehow he will have to find something else to keep him off the streets.

Standings

	P	W	D	L	GD	Pts
GROUP A						
Romania	3	2	0	1	0	6
Switzerland	3	1	1	1	+1	4
USA	3	1	1	1	0	4
Colombia	3	1	0	2	-1	3
GROUP B						
Brazil	3	2	1	0	+5	7
Sweden	3	1	2	0	+2	5
Russia	3	1	0	2	+1	3
Cameroon	3	0	1	2	-8	1
GROUP C						
Germany	3	2	1	0	+2	7
Spain	3	1	2	0	+2	5
S.Korea	3	0	2	1	-1	2
Bolivia	3	0	1	2	-3	1
GROUP D						
Argentina	2	2	0	0	+5	6
Nigeria	2	1	0	1	+2	3
Bulgaria	2	1	0	1	+1	3
Greece	2	0	0	2	-8	0
GROUP E						
Mexico	3	1	1	1	0	4
Ireland	3	1	1	1	0	4
Italy	3	1	1	1	0	4
Norway	3	1	1	1	0	4
GROUP F						
Holland	3	2	0	1	+1	6
Saudi Arabia	3	2	0	1	+1	6
Belgium	3	2	0	1	+1	6
Morocco	3	0	0	3	-3	0

Late games

GROUP D

Argentina vs Bulgaria
Dallas (12:30 am Fri. BST)
Greece vs Nigeria
Boston (12:30 am Fri. BST)

Second round programme

The World Cup's second round, with 16 teams still in, starts tomorrow. It is the first of four knock-out rounds culminating in the final in two weeks' time. The last slots in the second-round programme were dependent on late games yesterday in Group D.

July 2: Switzerland vs Spain (Washington, 9.30pm; *all times British Summer Time*).

July 2: Germany vs a 3rd-place finisher (Chicago, 6pm).

July 3: Romania vs a 3rd-place finisher (Los Angeles, 9.30pm).

July 3: Saudi Arabia vs Sweden (Dallas, 6pm).

July 4: Brazil vs United States (San Francisco, 8.30pm).

July 4: Holland vs Ireland (Orlando, 5pm).

July 5: Group D winners vs a 3rd-place finisher (Boston, 6pm).

July 5: Mexico vs Group D runners-up (New Jersey, 9.30pm).

Quarter-finals: weekend of July 9-10, in Boston, Dallas, New Jersey and San Francisco; semi-finals: Wednesday, July 13 (New Jersey and Los Angeles); final: Sunday, July 17 (Los Angeles).

An early bath for some patchy performers

Jurek Martin and Peter Berlin bid farewell to the first-round losers

Not all their spirits were blithe, but eight teams were saying farewell to the World Cup yesterday. Last night's matches determined whether Nigeria, Bulgaria or Russia would be the last to go, but here is a valediction to the seven who know there is no tomorrow.

South Korea proved again that there is something about the World Cup and teams from that tense and divided peninsula. They play their best against the best.

In 1966, the North, about whom nothing was known, put three fast goals past Eusebio's Portugal before succumbing. This year, the South, not much more of an open book, nearly pulled the trick in reverse against mighty Germany and had the brass nerve to score twice in the last six minutes to draw Spain.

They were as fit as any team here and faster than most. They made chances but were wasteful, though four goals in three games is pretty close to the average.

Soccer is a coming sport in Asia, but only a small handful of its stars play outside Korea. Japan, with a professional league now flourishing, and South Korea are favourites to stage the 2002 World Cup.

Greece deserve a charitable veil drawn over their performance. Considered in advance the weakest team to come to America, they left with that opinion set in concrete. The easiest explanation is that all their players only play in Greek leagues, not Europe's strongest, and several are quite ancient.

But politics also come into it. This is appropriate for the historical home of democracy but less for soccer. Several players complained that their training was constantly interrupted by the need to make public and political appearances with local Greek communities.

Being drawn to play Bulgaria was also not helpful; had Turkey qualified, it would have been worse.

Of Bolivia, participating after an interval of 44 years, little can be said, beyond noting that they scored a goal (against Spain) for the first time in World Cup history. There was some pretty football on display, especially against Germany, but more is needed if 44 more years are not to elapse.

Colombia have not enjoyed a great fortnight. Relations with the US are tense over the alleged narcotics connections of the new president. Far worse, the soccer team – Pelé's pick to win it all, a team laden with talent, toughened by the experience of failure in Italy four ago and no longer needing the erratic talents of René Higuita in goal – blew it.

The irony is that for long periods in their first match against Romania, Colombia lived up to their advance billing. They played dazzling attacking football and should have won comfortably. Part of the problem is that they played as if they knew that, too.

Cameroon's luck ran out in the US. All the familiar characteristics were there: opportunistic attacking, rough-edged defending, post-goal wiggles, rows over money. Though they were no longer an unknown quantity, they still came close to repeating an opening-match ambush, this time against Sweden. But once that match had ended in a draw the Indomitable Lions were in trouble.

They finished their group games as they did in Italy: thrashed by a Russian team which had lost their first two games. Roger Milla became the oldest goal scorer in the World Cup finals, serving only to emphasise that this team are over the hill.

Morocco have been a contradiction: no points, two goals, beaten by the Saudis, yet one of the revelations of this World Cup. They ran the Belgians ragged, hitting the bar twice but were beaten by one goalkeeping error.

Against the surprising Saudis, the Moroccans again dazzled, again failed to turn attack into scores, again lost by one goal. They attacked with flair for spells against the Dutch and again lost by one goal.

The gap between the two Arab teams and the Belgians and Dutch in Group F was tiny. Later rounds may confirm that the Moroccans shone partly because the Lowland defences are not very good, but they can draw comfort from the fact that they were able to play two highly-fancied, highly-experienced and highly-paid western European teams as equals.

Norway may moan that they are unlucky to be going home after picking up four points. They got no more than they deserved. They were dull and ineffective.

For such a small nation with so little soccer tradition they have done well, but the Irish and Italians exposed their limitations. Indeed, part of Norway's problem, particularly against Ireland, was that they seemed constricted by worries.

For England fans gripped by Venables fever, it is worth noting that Norway created fewer goal chances against Italy and Ireland combined than against the English in May.

Rationalisation a further blow to fibres industry

Du Pont to cut 1,200 jobs at European sites

By Paul Abrahams

Du Pont, the world's largest nylon maker, yesterday announced it was cutting 1,200 jobs at its European nylon operations. The rationalisation is yet another blow to the European fibres industry which is suffering from poor demand and massive over-capacity.

Most job losses will be from former Imperial Chemical Industries facilities in the UK which Du Pont acquired last year.

The UK bore the brunt of a previous round of cuts by Du Pont in September last year when 860 lost their posts and a plant in Pontypool, South Wales, was closed.

Most of the job lob losses will be at Wilton, Teesside, where 520 posts will disappear. In addition, 100 jobs will go at both Gloucester in the west country and Doncaster, Yorkshire. In Germany, 250 jobs are being cut at Oestringen, and 50 at Uentrop. In the Netherlands, 35 employees will be lost at Rozenburg.

The European nylon industry is suffering from massive over-capacity and continuing weak demand. Mr Colin Purvis, director-general of the Brussels-based International Committee of Rayon and Synthetic Filament (CIRFS), said: "There has been some modest improvement in the textiles sector, but demand from the carpet and industrial sectors remain poor. Price erosion has stopped, but rises in the carpet and industrial markets have not been accepted."

Du Pont plans to close a plant at Wilton which manufactures adipic acid, a raw material for nylon, by early 1997. The company is setting up a joint venture with Rhône-Poulenc of France, to expand an adipic acid facility at Chalampe, Alsace.

The group also plans to close the Wilton plant manufacturing HMD (hexamethylenediamine), the other main raw material for nylon. It will be supplied from other Du Pont facilities.

Mr Fred Higgs of the TGWU, which represents most of the UK workers scheduled to lose jobs, said the Teesside closure was "a cynical betrayal of more than 500 loyal workers who were promised, only a year ago, that their jobs were secure."

Mr Alan Titus, vice president and managing director of Du Pont Nylon Europe, said the cost of updating the Wilton facilities to acceptable standards was considerably more than closing the plants and setting up the Rhône-Poulenc joint-venture.

UK part of Euro-road extended

By Charles Batchelor, Transport Correspondent

The Department of Transport has added 17 new sections of road to the British part of a controversial Europe-wide network of roads intended improve communications within the European Union.

Many of the roads in England, Wales and Scotland which have been added to the trans-European road network (Tern) form links with ports.

The original Tern network was only agreed last October but prompted protests from some towns which felt they had been neglected and from other communities fearful that inclusion in the list would lead to an upgrading of local roads and large increases in traffic.

Mr John MacGregor, transport secretary, said the revised list had been drawn up following consultation with local highway authorities, freight transport groups and environmental organisations. The list will be put to the European commission and the council of ministers for approval.

The network consists of nationally and internationally important routes which the European Union wants to identify to prepare for future transport needs. Similar pan-European networks are planned in the fields of rail, water transport, telecommunications and energy.

The government and the European Union have said that inclusion in the Tern list does not mean that roads will necessarily be upgraded or that funds will be made available. But the European commission is keen to improve cross-border links since these have in the past been neglected by governments and it is looking at ways of raising finance.

Among roads to be added to the British Tern network are the M27 between Southampton and Portsmouth, the M62 and M58 between Liverpool and *the M6, the A77 from Ayr to* Stranraer and the A477 between St Clears and Pembroke Dock.

One deletion from the original list has been made: of the east-west route between Stansted airport and the M40 near Oxford.

The Royal Yacht Britannia pictured marking the centenary of Tower Bridge. A visit by Prince Charles was overshadowed by the repercussions of his ITV interview on Wednesday in which he admitted being unfaithful to his wife, said he could still be king if he sought a divorce, and questioned the nature of his future role as head of the Church of England. In the film Prince Charles also defended the role played in overseas trade promotion by Britannia, which is due to be scrapped in 1997 as part of defence cuts.

Army promises 'broken because of war in Bosnia'

By Bruce Clark, Defence Correspondent

Britain's forces have been so stretched by their engagement in former Yugoslavia that promises made on conditions of service for soldiers and sailors been abandoned, according to a report published yesterday.

House of Commons Defence Committee report argues, two weeks before the expected announcement of wide-ranging cuts in defence spending, that even now, the armed forces are thinly spread.

In a view that that has been expressed by all sides of the political spectrum the committee also questioned whether the Treasury was qualified to judge which forms of defence spending were dispensable.

The report pointedly reminds Mr Malcolm Rifkind, the defence secretary, of a comment made in the April government policy paper: "The possession of such a valuable and prestigious national asset as our armed services is not a luxury."

"This is a message which, it seems, is yet to be fully received by the Treasury," the committee says.

The report's harshest words were reserved for the capacity limits which had been been shown up by Britain's involvement in former Yugoslavia: the deployment of 2,500 ground troops in central Bosnia and ships in the Adriatic.

It says guarantees to sailors about the proportion of their time they would spend overseas had been broken as result of the Adriatic operation.

The committee said it was "seriously disturbed" by the fact the Mr Rifkind had been forced to row back from earlier promises about the interval soldiers could expect between emergency tours in dangerous places. The committee insisted that a 24-month interval should be regarded as a minimum period – as initially promised – and not an average interval as the defence secretary was now suggesting.

The government has said next month's defence cuts, designed to shave at least £750m from the annual defence budget, will have no effect on the armed forces' fighting ability because they will focus on trimming the cost of support services.

It has also pledged that any upgrading of European defence arrangements must avoid downgrading links with the US.

The committee urged the government not to pinch pennies by stretching the duration of weapon development programmes, and said any delay in plans to procure two new assault ships would be "deplorable".

Royal Mail set for privatisation

Government proposes selling 51% in 1996 before election, report Andrew Adonis and James Blitz

The government appears set to proceed with the privatisation of the Royal Mail in next year's parliamentary session.

Tory rank-and-file MPs gave a broad welcome to proposals for the sale of 51 per cent of Royal Mail contained in a policy paper published yesterday by Mr Michael Heseltine, secretary of state for trade and industry.

If enacted the legislation will lead to the largest privatisation since the sale last year of the government's remaining stake in British Telecommunications. The sale would be likely to take place in 1996, in the run-up to the next general election.

Mr Heseltine said the sale of a majority stake in the Royal Mail and Parcelforce, the Post Office's parcel delivery subsidiary, was the government's "strongly preferred option".

"To survive and prosper the business needs greater commercial freedom to seize new opportunities and to meet greater competitive challenges in the communications market," Mr Heseltine explained.

Under Mr Heseltine's scheme – one of three included in the paper – the Post Office's counters division, which oversees its 20,000 post offices, would remain in public ownership as a separate entity.

There would be statutory guarantees for the continuation of nationwide deliveries and a single national tariff. An independent regulator would be responsible for overseeing the privatised Royal Mail.

In a bid to reassure the public and Tory MPs, Mr Heseltine carefully pitched partial privatisation between the other two options in the paper: continued state control and a 100 per cent sale. He said the first course offered Post Office managers insufficient commercial freedom, while the second might not reflect "the important role which Royal Mail plays in our national life."

The government's endorsement of the 51 per cent share flotation was seen at Westminster as a victory for Mr Heseltine against Cabinet colleagues who had urged a more cautious approach.

At the same time, the proposals in the document appear to have been astutely designed to appease the small number of Tory backbenchers who fear that privatisation could undermine rural postal services and a cherished British institution.

One minister suggested yesterday that the government could now confidently announce a bill to privatise the Royal Mail and Parcelforce in the Queen's speech in November. The consultation period outlined in the paper is due to end in September, and work on outline legislation is already well underway.

However, some Tory backbenchers continue to express doubts about the government's plans.

Ms Anne Winterton, Tory MP, remained concerned that the government's stake in the Royal Mail would not be guaranteed in the long term. "If it is not Mr Heseltine's intention to sell off the remainder of the shares, why doesn't he just come out and say so ?"

Mr Michael Heron, chairman of the Post Office, gave strong support to the partial privatisation option. However, the Labour party and the 160,000-strong Union of Communications Workers, pledged opposition.

Mr Robin Cook, Labour's trade and industry spokesman, said: "As a private business the Post Office would focus not on how it could serve the public but on how it could make money."

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NEWS: UK

Blow for Telegraph as stockbroker quits

By Tony Jackson, Norma Cohen and Jimmy Burns

Mr Conrad Black's Telegraph newspaper group received a blow to its prestige yesterday as Cazenove, one of London's most respected stockbrokers, resigned as broker to the company.

While no reason was given, it is understood that the move was related to last month's sale of £73m of Telegraph shares by Mr Black's private company. Last week the Telegraph slashed its cover price, causing the shares to fall by more than a third.

It was also announced yesterday that the Office of Fair Trading is to make enquiries into the newspaper price war being waged between the Telegraph and the Times, owned by Mr Rupert Murdoch.

The OFT said it expected its director-general, Sir Bryan Carsberg, to spend most of July looking at the issue before deciding whether formal action is required.

Cazenove's decision was taken after detailed discussions with the Telegraph, after which both sides said they decided this was an "appropriate time" to part. A senior Cazenove official said this was the first time Cazenove had voluntarily resigned as stockbroker to a company in recent memory. Telegraph shares fell 15p yesterday to 364p.

A Telegraph spokeswoman expressed regret at Cazenove's decision. "We are obviously sad that they felt they had to make that move in response to their own business pressures," she said. The Telegraph is to remain with its other broker, Panmure Gordon, which was not involved in last month's share sale nor in Telegraph's initial flotation.

Cazenove became corporate adviser to the Telegraph in 1985, when Mr Black first acquired his stake, and stockbrokers on its flotation in 1992. Cazenove declined any comment on its decision.

The Times first cut its price in September of last year. The Telegraph annual report, signed off on March 24, said "at the end of 1993, it was clear that brand strength and editorial quality were winning against price discounting."

The Telegraph's first quarter report issued one week before the share sale referred to "a good start to 1994". Since announcing the price cut Mr Black has said it could cost £40m in revenues which would be offset in part by tax and cost savings.

One leading institutional fund manager who had declined the offer of shares last month said "no serious analyst of the media industry could fail to see there is a newspaper price war going on."

Eurotunnel surprise at Eurostar

By John Ridding in Paris and Charles Batchelor

Eurotunnel, which owns and operates the Channel tunnel, said yesterday that the announcement of delays to the start of Eurostar train services had come as a surprise and that it might seek compensation for any loss of revenues.

The British, French and Belgian railways revealed on Wednesday that their long-distance passenger services between London, Paris and Brussels, originally due to begin in July, would not start until September at the earliest.

The extra delay has been caused by the complexity of the commissioning programme of the £24m trains which have been designed to operate on three electrical power systems and four signalling systems, the railways said.

"We were taken totally by surprise", Mr Georges-Christian Chazot, managing director, told a shareholders' meeting in Paris. Mr André Bénard, the outgoing co-chairman, said that it was difficult to estimate the costs arising from the delay to Eurostar services. "But I assure you that we will not be giving anyone any presents", he said, referring to possible compensation.

According to Eurotunnel, the reasons for the delay to the Eurostar services were not related to the Channel Tunnel and appeared to be caused by the rolling stock. As far as it was concerned, Eurotunnel said, certification for Eurostar services was still scheduled for July. A spokesman for Eurotunnel said that the contract between the rail operators and itself allowed for penalty payments if the tunnel was ready but the Eurostar services was not available. The launch of Le Shuttle services will not be affected by the Eurostar delay, the company said.

Court setback for Outhwaite group of Lloyd's Names

By Richard Lapper

The Appeal Court in London yesterday ruled that a group of 500 Lloyd's Names were too late to begin legal action to recover insurance losses, overturning a judgment made last year by the High Court.

The Names, individuals whose assets have traditionally supported the market, were all members of Outhwaite syndicate 317/661 in the 1982 year of account and allege breach of duty by their agents.

They did not participate in a successful earlier action by fellow Names on the syndicate which resulted in a £116m out-of-court settlement in February 1992.

The ruling is a setback for Names, but has no impact on other cases currently before the courts.

The biggest action, by 3,095 Gooda Walker Names, began in April and another large case by some 2,000 Feltrim Names is scheduled to begin later this year.

Last year Mr Justice Saville ruled that the Names could take action against RHM Outhwaite (Underwriting Agencies), which managed syndicate 317/661, and approximately 80 members' agents.

Yesterday, however, the court of appeal ruled by two to one that the claim was time-barred.

The Names had attempted to rely on a provision of the Limitation Act of 1980 by alleging that the defendants had deliberately concealed their own breaches of duty, thereby denying the Names of the knowledge of their right to sue.

The Names will appeal against the decision to the House of Lords.

Freight ferry gap to Netherlands filled

By Ian Hamilton Fazey, Northern Correspondent

Mersey Docks and Harbour Company is to plug the gap left in its Medway freight services to the Netherlands – closed by Olau Line after a crewing dispute in April.

The route contributed about 10 per cent of Medway's turnover when Mersey Docks took over the south-east port, at the mouth of the Thames, last year.

Mersey Docks will launch its own freight company next Friday to operate between Sheerness and Vlissingen using a chartered ship. A sister vessel will join the service as soon as possible to provide two sailings in each direction each day.

The company, Ferrylink Freight Services, will be run by Mr Bill Moses, former assistant general manager of Olau Line and before that route director of Stena Sealink and managing director of Hoverspeed.

The service will compete with short Channel crossings and the Channel Tunnel by offering lorry drivers more than eight hours' rest to comply with tachograph regulations on driving hours.

The longer sea route is also 210 road miles shorter than Dover-Calais for travel between south-east England, Belgium, the Netherlands, northern Germany and Scandinavia.

Britain in brief

Invisible deficits seen with EU

The UK runs large invisible trade deficits with the rest of the European Union and the European Free Trade Association, but these are offset by big surpluses elsewhere in the world, according to figures published by the Central Statistical Office yesterday.

The CSO's first ever country-by-country breakdown of Britain's invisible trade, covering services, investment income and transfers, showed the UK ran a deficit of £3.94bn with the rest of the EU in 1992 and one of £3.22bn with EFTA countries that year.

But surpluses elsewhere produced a positive balance of £4.79bn on the UK's global invisible trade account.

The UK had invisible surpluses of £4.39bn with Japan, £2.26bn with the US and £1.59bn with Australasia. Inside the EU, the UK ran a £4bn surplus with Italy, but deficits of £1.86bn with the Netherlands, £1.26bn with Germany and £1.18bn with Spain. It also paid a net £2.69bn to EU institutions.

CBI in EU power call

The Confederation of British Industry called for Europe to press ahead with opening up its gas and electricity networks to competition as "part of the drive to restore Europe's international competitiveness".

Mr Howard Davies, director general of the employers' organisation, said Europe needed an internal energy market which gave businesses the freedom to shop around.

Some of the largerst users were companies in industries such as chemicals and steel which were competing in tough international markets where energy costs have a strong bearing on commercial success, he said. Mr Davies was speaking as the CBI launched a paper intended to influence the green paper being prepared by the European Commission for later this year.

Failures fall in recovery

The number of companies failing during the first half of the year fell by 15 per cent compared with the first six months of last year, Dun & Bradstreet, the business information group, said. There were 21,887 businesses in England and Wales entering liquidation or receivership which did not lead to the rescue of the company during the period. The figure was 25,883 in the first half of 1993.

Mr Philip Mellor, senior analyst, said the decline in failures was returning to levels last seen at the outset of the recession, and predicted that business failures for the full year would be about 18 per cent below the level for 1993.

Purchasing index at 61%

The UK manufacturing sector is growing strongly, but at the cost of creating some supply bottlenecks and price pressures, according to figures published by the Chartered Institute of Purchasing and Supply yesterday.

The purchasing managers index rose to 61.4 per cent in June, the highest level recorded since the figures were first published in 1991. The CIPS constructs the index from a number of components such as new orders and employment; a figure above 50 per cent indicates that activity has grown since the last month, one below 50 per cent indicates a fall.

Loan aid for last tin mine

The government said last night it had agreed to waive repayment of £23.4m in loans outstanding to Carnon Holdings, Cornwall's last tin mining company, in a bid to help the company to continue its operations.

Mr Michael Heseltine, trade and industry secretary, said in a parliamentary written answer that the low price of tin meant there was no longer any realistic prospect of repayment.

He said the conditional waiver was "intended to permit Carnon the opportunity to raise fresh funding to continue its operations."

The decision was not intended, however, to "imply any comment on or endorsement of the company's financial standing or position."

Cars balance recycling

Recycling aluminium cans and glass bottles can save energy and help the environment – provided people do not make too many trips in their cars to the bottle bank, according to a report yesterday.

However recycling is ranked low for its energy saving potential in a list of household energy efficiency measures identified by the report.

The report was commissioned by Nuclear Electric, the generator, from the Centre for Social and Economic Research on the Global Environment at University College, London. Under the climate change convention agreed at the 1992 Rio Summit, the UK has agreed to cut carbon dioxide emissions by 10m tonnes a year.

Legal move on tall ships opera

Merseyside Development Corporation, a government agency, faces the prospect of legal action by creditors over the financially disastrous opera concert organised to celebrate the visit of the Columbus Grand Regatta tall ships to Liverpool and Birkenhead in 1992. The concert was attended by King Juan Carlos and Queen Sofia of Spain as patrons.

Only about £10,000 of assets remain in Carroll Promotions, the failed company set up with a share capital of £2 by Mr Brendan Carroll, the corporation's public relations consultant, to run the concert.

But the liquidators told creditors a winding-up order would not be sought until the House of Commons Public Accounts Committee has published its report.

CrossRail project dead

The £2bn CrossRail plan for an east-west London railway link is dead, despite an attempt by hundreds of MPs of all parties to revive a private bill authorising the project.

The project was backed by Mr John MacGregor, transport secretary. But two of the four MPs on the committee say they will continue to oppose the scheme. A third is also thought unlikely to change his mind.

Credit demand stays strong

Demand for consumer credit remained strong in May, despite the impact of tax increases, according to figures released today by Infolink, the credit information organisation.

It measures the number of consumer credit inquiries from finance houses and from companies offering retail, home and car loans.

The number of inquiries in May 1994 in the retail sector was 9.8 per cent higher than in May 1993, down from the 10.7 per cent annual increase shown in April. However, in the home loans field, inquiries were up 8.3 per cent over May 1993, compared with a 7.5 per cent annual rise in April.

Merger call on financial crime

The Serious Fraud Office and the Fraud Investigation Group of the Crown Prosecution Service should be merged to improve the effectiveness of the fight against financial crime, a government inquiry ordered by Sir Nicholas Lyell QC, the attorney-general, concluded yesterday.

The report by Mr John Graham, a senior Treasury civil servant, makes no recommendation about whether the merged body should be controlled by the CPS or effectively be an enlarged SFO.

However, it does propose extending the SFO's "Section 2" powers to the police. Currently the powers, which remove the right to silence and compel witnesses to answer questions, can be used only by the SFO's lawyers and accountants.

Taxman on the move

Tim Dickson on changes in UK staff relocation prompted by new tax rules

Not every company necessarily followed the notorious example of a chemicals multinational that once picked up the vet and tranquilliser fees for a traumatised pet. But at least the important things in life - golf club entrance fees near the new place of work, for example - were routinely reimbursed.

The golden age of staff relocation, however, came to an end in Britain with dramatic suddenness 15 months ago. The reason was not so much the adverse economic climate - though that has certainly played its part - as the impact of tough new tax measures announced in the March 1993 Budget, which became effective on April 6 last year.

Described by Sue Shortland, manager of the Confederation of British Industry's Employee Relocation Council, as "the greatest change in the tax treatment of relocation expenses for over 40 years", the new regime imposes a cap of £8,000 on items deemed eligible for relief and a time limit by which costs have to be incurred to qualify.

It also lays down stringent Inland Revenue reporting rules requiring companies to keep track of their payments.

Eligible expenses include the cost of transporting the belongings of employees and their families to a new residence, the normal costs of buying and selling a home, and house hunting and familiarisation trips for employee and family.

Expenses and benefits that could be claimed tax-free under the old rules but which are debarred for tax-relief under the new rules include any loss on the sale of an old residence, the initial cleaning costs of a new property, and help with the additional costs of moving to a more expensive area.

Almost overnight, employers found themselves with tax inefficient relocation packages and an unpalatable range of choices: meet their employees' new tax liabilities in full by "grossing up" any expenses over the £8,000 ceiling - an option that could mean a 50 per cent increase in the cost of a typical relocation package; ensure that no tax problem arose by cutting the benefits offered - easier said than done when a domestic move typically costs £20,000 to £25,000; or force employees to meet the new liability themselves in part or in full - hardly the most popular or enlightened approach.

First indications of the strategies being adopted by British companies were disclosed on Tuesday when the CBI and the accounting firm Ernst and Young published the results of an exhaustive survey* of almost 600 businesses.

The message from the research is that while employers are not cutting back on relocation activity as such, a growing number are seeking - and finding - ways to contain and offset the additional expenses.

The main trends identified by the survey were:

- A preference for grossing up. Before the 1993 Finance Act most companies operated policies within the Inland Revenue's then generous guidelines. Of the 152 respondents who indicated a change in their thinking, a majority (57 per cent) were planning to pay tax on their employees' behalf, a tenth were making employees meet their own tax liability, a tenth were introducing a selective policy, and another 10 per cent were capping relocation expenses at £8,000.

Some employers have evidently adopted a compromise by grossing up direct costs and items that they genuinely feel should be tax-refundable (such as school uniforms) but leaving the tax on other items such as golf club subscriptions and carpets to the employees themselves.

Others are keeping their cards close to their chests. The subsidiary of a UK food and drink company said it will "probably" gross up - but it has no plans to tell employees this. "We do not want people to spend money knowing that the company will bear all the costs," said a respondent to the survey.

- A new enthusiasm for outright house purchase schemes, as distinct from schemes where employers guarantee a minimum price for the property. Under the new tax rules the acquisition and disposal costs of employees' properties purchased *outright* by the employer (or a relocation company) fall outside the £8,000 limit. The tax position regarding gains returned to the employee had been unclear, but in April it was confirmed that these can now be handed back without penalty provided the house contract is worded correctly.
- A tendency to withdraw or reduce the so-called "additional housing allowance". This allowance no longer attracts tax relief but has traditionally been paid to employees moving from low housing cost areas to areas where prices are high.

The survey highlighted ways in which companies are now restricting the allowance - cutting back the number of years it is paid, setting minimum house price differentials (for example, 10 per cent) which have to be triggered before employees qualify for the extra money.

- More temporary accommodation reviews. Costs have been controlled by the introduction of overall spending and time limits. "Employees do not need the smartest hotel in town - they can make do with something that is clean and comfortable," was one comment made in the survey.
- A greater use by companies of external advisers (particularly in areas connected with property), though a degree of scepticism remains.
- The introduction of more efficient purchaser indices for UK expatriates going abroad. The number of companies indicating changes in their international relocation policies was very small, but the survey revealed that one-third of companies pay for transportation of pets.
- A widespread lack of sound reporting procedures. Almost half the respondents either had no system or had an inadequate method for tracking and reporting their relocation expenses as required by the 1993 Finance Act.

According to Michael Kaltz, partner at Ernst & Young, employers face a penalty of £3,000 for each incorrect submission.

Many companies, it seems, are still reviewing their policies, as presentations this week at a CBI conference by an international oil company and an international pharmaceuticals company underlined. Both are awaiting board approval for proposed changes designed to address the new tax rules and - in one case at least - likely to reduce costs substantially.

**Copies of the survey summary, Business on the Move, are available from the CBI Employee Relocation Council, Centre Point, 103 New Oxford Street, London WC1. Price £30 for members and £50 for non-members.*

CHRISTOPHER LORENZ

Re-engineering in small doses only

Like powerful new drugs, fresh management concepts and techniques have a nasty habit of being lapped up by gullible and voracious consumers, who often misunderstand, misapply and abuse them.

In the 1970s this happened with the Boston Consulting Group's (in) famous "cash cow" portfolio planning matrix. Over-zealous use of it led many companies to dump or neglect perfectly sound businesses, and to diversify dangerously into others. An embarrassed BCG had to re-educate many clients, as well as its own publicity machine.

In the late 1980s the malady hit total quality management: careless consultancy selling of it, plus inept client application, led many companies to ignore some of its basic principles, notably customer-focus and lack of bureaucracy. Painful experience taught them a salutary lesson, but in the process TQM got an unjustifiably bad name in some quarters.

Now the same plague is infecting business process re-engineering. Barely a year ago it was being promoted as a clear concept, with two specific interpretations.

The first was the redesign-from-scratch of broad, competitively "core" business processes, such as product development and order fulfilment, in order to span previously separate departments (or "functions"). As a result, companies were told, they could cut time and cost enormously, and also boost their revenues.

The second interpretation was more far-reaching and, as yet, futuristic: the reconfiguring of entire organisation structures on to a "horizontal" process basis.

Now the concept, or at least the term, is being misapplied to all sorts of other changes, lesser as well as greater. Like a patient taking only a fraction of the prescribed dosage, far too many organisations are "re-engineering" narrow, isolated parts of secondary processes within individual departments, and are then losing heart, complaining that the results are too meagre. In reality, they are not re-engineering at all, merely improving their standard activities.

At the other extreme, a few consultancies are attempting to extend the meaning of re-engineering from the "hard" aspects of organisational change - structures and processes - to territory hitherto occupied by experts in the "softer" aspects of change and transformation, notably managerial behaviour, attitudes and "culture".

Like a doctor trying to extend specialist knowledge to related areas of medicine, this is an understandable strategy for an ambitious consultancy to adopt. But it risks stretching its expertise too thin, and creating even more confusion among the already bewildered business public.

Evidence of just how far things are going awry, for all but the small minority of organisations applying the principle properly, came yesterday from probably the largest survey yet conducted into the "state of re-engineering" in both Europe and North America.

There is a risk of creating even more confusion among the already bewildered business public

Covering 600 companies in a wide range of industries, the study was conducted by CSC Index, the management consultancy whose chairman, James Champy, helped create the current frenzy in collaboration with Michael Hammer.

The survey reveals a string of problems. CSC Index's advice about how to deal with them is helpful for the most part, but not entirely consistent. Nor is every aspect of its own subtle but significant shift of emphasis from process re-engineering to fully-fledged corporate transformation.

In essence, the main problem areas are:

- Poverty of ambition. Too few organisations are preceding their re-engineering of processes with a hard look at whether their ways of doing business - and even their corporate and business strategies - are still competitive. As a result, processes that should be dropped are being re-engineered, often at great pain and cost, while opportunities to use fresh ones for the creation of new businesses are being missed.

Far too few companies are focusing on revenue growth; most are obsessed with cost - and staff-reduction.

- Not enough top and senior managers are sustaining - and demonstrating continually - their professed initial commitment to re-engineering programmes. Running such projects is very tricky, and cannot be assigned wholly to lower levels.
- Index argues correctly that re-engineering works best in organisations where employees really trust their managers, make many of their own decisions, believe they are paid for performance, operate well in teams, share information freely, and take risks.

But such nirvanas are rare. The degree of change required to create them is so considerable that it is unrealistic for the consultancy to say merely that cultural change must start early in a re-engineering initiative. It must often precede it by several years, as it did in Champy and Hammer's original company "models", Hallmark Cards and Bell Atlantic.

- This qualifies Index's frequent claim that "real" re-engineering requires what it calls "big change fast, to achieve big results fast".

In the narrower of the two original definitions of re-engineering - the redesign of processes - this is probably true, especially in situations where opposition can only be overcome through a crash programme. But this is not the way to win people's hearts and minds. In the wider sense of complete organisational transformation, "big change fast" tends to be a contradiction in terms.

As Index concludes, re-engineering needs to be applied much more judiciously than at present. For that to happen, managers and consultants alike must be clearer-headed about the nature of this potentially potent medicine.

**Free summary from 071 344 7979 (fax).*

(Continued on next page)

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PEOPLE

Evans picks md from Yorkshire Water

The directors of Evans of Leeds have been on tenterhooks this week. The property investment company's final results are out next Tuesday and they are supposed to be in purdah, but gossip was swelling among the business community that Evans was about to get its first md.

Evans, though quoted, is largely owned by the locally well-known Evans family and mostly run by vice-chairman Michael Evans, who also has interests in a boatyard near Nice, where he would like to spend more of his time.

The company and Yorkshire Water decided to come clean yesterday with simultaneous announcements that John Bell, managing director of Yorkshire Water Enterprises, is indeed making the transfer, which "will not be earlier than October 1".

Bell, who is 45, is a lawyer. He was a young chief executive of a small Scottish local council before going into the water business as the old Yorkshire authority's secretary and solicitor in 1985. He ended up as a main board director of Yorkshire Water in charge of diversification after privatisation and was in the news in May setting up a joint venture with Ogden Corporation in the US water and waste treatment market.

Another diversification, however, was a series of joint ventures with Evans of Leeds, under the corporate appellation White Rose, to develop spare Yorkshire Water Land, which is how the property company got to know him.

So did Evans poach him after this extended interview? "Relationships remain friendly," William Gibson, Evans' company secretary, said yesterday. "They are not waving a big stick at us. Everything is going ahead in a smooth and amicable fashion."

He would have liked to have kept the lid on the news until after next Tuesday but decided rumour and gossip might be more damaging.

■ **David McGregor**, formerly md of the Glenigan Group, returns to THOMSON REGIONAL NEWSPAPERS as finance director; he succeeds Jeremy Griffiths who has been appointed chief financial officer of Thomson Corporation Publishing International.

■ **Derek Andrew**, md of The Camerons Brewery Company, part of WOLVERHAMPTON & DUDLEY BREWERIES, has been appointed to the main board.

■ **Pearle Vision, a US-based subsidiary of Grand Metropolitan, which acquired Pearle Health (as it was then known) in around September 1985, has got a new president, Glenn Hemmerle, 49.**

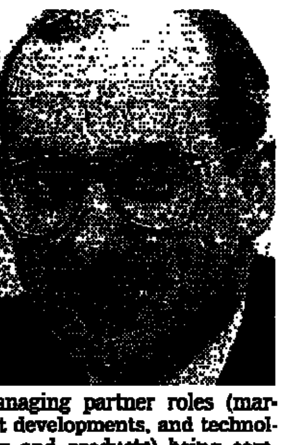
He reports to David Nash, 53, Pearle's chairman, and replaces David Hardie, 49, the former chairman, chief executive and president of the company, who is taking up a new position in GrandMet's drinks sector, as president, International Distillers & Vintners' international operations; IDV is GrandMet's worldwide wines and spirits business.

Hemmerle's background is solidly in retailing, having spent 23 years with companies such as The Gap and Musicland. Between 1987 and 1992, he was president and chief executive of the Athlete's Foot group, and Atlanta-based sports shoe retailer and franchisor. Most recently he was president and chief executive of Crown Books, the retail book chain based in Landover, Maryland.

At Pearle, Hemmerle will be responsible for day-to-day operations of the company's 950-plus retail stores across the US and Europe. GrandMet acquired Pearle Health's eyecare businesses in the late 1980s. The company's six-month results, reported in March this year, showed break-even profitability, a $33m profit improvement over an 18-month period.

Burgess takes on worldwide role at Andersen Consulting

Keith Burgess, head of Andersen Consulting in the UK, is to take on a new role as one of the worldwide firm's managing partners from the start of September. He will become managing partner for business integration and practice competence, which he says means "making sure what we do and how we do it is right".



His replacement as managing partner for the UK will be James Hall, 39, who joined Andersen as a graduate trainee in 1976. Hall (right) says his theme is "continuity".

The change is part of a restructuring of top jobs within Andersen Consulting, with the creation of a managing partner for "packaged knowledge" and two other managing partner roles (market developments, and technology and products) being combined in Burgess's new job.

It reflects its international growth and represents a shift away from the firm's predominant US roots; several other UK partners have recently taken on senior roles in the international firm.

Burgess, 47, who has spent 24 years with Andersen since he gained his PhD in solid state physics, has been UK managing partner since 1989. He was approached about the new job by Andersen Consulting's chief executive on a lakeside walk during the annual meeting in Geneva in May.

"I am very excited about what we have done. Being able to operate and shape the worldwide firm were challenges I found irresistible," he says. He will continue to be based in the UK but will spend more time travelling and co-ordinating activities around the world.

Development Securities: on its Marx

Martin Landau, the property entrepreneur who bought into Development Securities last June, has made a further move to reshape its management with the appointment of Michael Marx to replace joint managing director Robert Ware.

Ware was running the troubled property developer at the time Landau spearheaded a financial restructuring for the loss-making Clayform Properties, which was renamed Development Securities.

Ware's contract was reduced from three years to one year last July, and his role was widely regarded as transitional.

Anthony Bodie was brought in as the other joint managing director to manage the company's rapidly growing property portfolio.

Ware's departure was described as "amicable", and a spokesman said no compensation would be paid.

His successor has also had experience of troubled property companies, as the finance director of Gerald Ronson's Heron Corporation, where he has been central to the group's recent restructuring.

Finance moves

Michael McLintock, 33, who joined M&G from Barings less than two years ago, is following *in his father's footsteps* and taking a seat on the board of Britain's biggest independent fund management group.

McLintock, who looks after M&G's institutional investment business, is one of two new faces joining the main M&G board. Richard Hughes, 37, who joined the group in 1987 and manages the M&G Recovery fund, has also joined the board.

M&G portrayed the appointments as routine promotions but they do suggest that the group is keen to rejuvenate an increasingly elderly top management team. Paddy Linaker, the chief executive, retires at the end of the month and is being succeeded by a man of similar age, David Morgan, 60. This has led to some speculation that Morgan will have little more than a caretaker role.

Michael McLintock will not be able to enjoy sitting next to his father at board meetings. Alan McLintock, a senior figure in the accountancy profession, retired in February after 12 years on the M&G board.

■ **Grant Phillips**, formerly corporate and institutions group director, has been appointed md, BARCLAYS investment division of BFS on the retirement of Peter Dennis.

■ **Guy Bell, James Bromhead, Julia Henderson, Christian Hobart, Stuart Lane, David Langmead, Alan Matthews, Sue Miskin, Nick Rodgers, Sophie Stirling, Ingrid von Hentschel, Jeremy Warner Allen and Robert Wilson** have been promoted to become directors of BEESON GREGORY.

■ **Philip Johnson** has been appointed a director of HENRY COOKE Corporate Finance.

■ **Roger Yates**, formerly a director of Morgan Grenfell Asset Management, has been appointed chief investment officer for GT MANAGEMENT in London.

■ **Raoul Pinnell** (below), 43, is appointed to the new post of director of marketing for UK branch business at NATIONAL WESTMINSTER BANK. A former general marketing manager for Nestlé in the UK and overseas, he is currently marketing director for the direct sales force of the Prudential.

Databases will soon be able to tell stores what individual customers like for breakfast, explains Victoria Griffith in a series on electronic retailing

Smart selling to big spenders

Every salesperson would like to see into the minds of customers, to know exactly what they want and when they want it. While telepathy is beyond modern technology, many retail businesses are turning to the next best thing – databases with extensive information about consumers.

In the US, Europe and Asia, companies are developing sophisticated computer-based programs to store customer details, from addresses and telephone numbers to monthly consumption of fax paper and expensive wines. Clever marketing executives can turn this information to their advantage.

If a New York resident shops regularly at Giorgio Armani on Madison Avenue and is known to spend time in France on business, Armani might be well advised to tell the consumer about its Paris store.

Information can also help retailers screen out less attractive customers – ones who only buy deeply discounted items, for example, may not be worth courting.

Most marketing is still highly unselective. Gourmet cooks are unlikely to dine at McDonald's but still see commercials for Big Mac hamburgers on television. A proportion of McDonald's advertising budget, therefore, is spent on people who will probably never enter the fast-food outlet.

Targeted marketing, on the other hand, allows companies to reward loyal customers and avoid wasting money on promotions to unlikely buyers. Because it can cost so much to attract new customers, maintaining a loyal customer base can make a huge financial difference.

"The longer a company keeps a customer, the more money it stands to make," says Frederick Reichheld of Bain and Co, a Boston-based consulting group. "This is not only because companies do not need to spend as much money on advertising to recruit new customers. Faithful customers are also important because the longer they have done business with a company the more money they tend to spend."

The methods that retailers use to build their databases vary. Consumers must be enticed to reveal information about themselves. For catalogue companies, which have addresses for all their customers, the task is easier. L.L. Bean, a Maine-based sporting and leisure goods mail-order company, has sales histories that go back decades.

Retail stores, such as consumer goods manufacturers, have a harder time tracking purchasers. Asking people to write in for free products is one way to build up a database. US cigarette companies have used this method extensively over the past few years, maintaining comprehensive lists of smokers. The scheme also means that smokers may be the only ones to receive magazines that carry cigarette advertisements – the non-smokers receive the same publications without the advertisements.

Alan Harper

Information transfer: the customer may be handing over much more than just his credit card or his address

Retailers often ask customers to fill out a card so they can be informed of forthcoming sales. In this way, shops can build up a substantial mailing list. But such methods produce limited results, usually nothing more than an address and perhaps a telephone number. Retail tracking is more efficient when done with magnetic stripe cards that automatically register purchases in a computer program.

Staples, the Boston-based office-goods retailer, offers shoppers a free membership card when they make their first purchase at the store. The card entitles shoppers to discounts on selected items and provides valuable information to the chain. Since customers are encouraged to use their card with each purchase, the company can track how much of certain items the customer is buying, at what times of the year and at what prices.

Staples can evaluate a number of company strategies. It can assess the impact on sales of a particular fax paper being displayed prominently in a store. It can also use the database to bring back customers who have defected. If a consumer has purchased large amounts of copy paper each month for two years and suddenly stops, a company representative can try to find out why and respond. Staples now provides a delivery service after discovering that the lack of one was a main reason for defections.

The widespread use of credit cards means they can be an important source of information

The widespread use of credit cards means they can be an important source of information. American Express provides a service to retailers that can help target specific customer needs. In the UK, it is about to experiment with a new system that would provide information about products to likely buyers on the monthly credit card bill.

"If someone buys a lot of food at a department store but has never entered the wine section, the store might offer a free bottle of wine with the next purchase," says Maureen Bailey, for the group. "That information would show up on the American Express bill."

Companies are increasingly exchanging information, maximising information about consumers and cutting the cost of building and maintaining the database. An important cross-fertilisation scheme is being launched later this year in the UK. American Telephone & Telegraph of the US is setting up a new scheme, called Istel, to help retailers build databases and provide incentives to loyal customers. Under the programme, customers will be invited to join the Istel club, entitling them to a magnetic stripe card and potential discounts on various items available in do-it-yourself shops, grocery stores, petrol stations, clothing and toy shops, and other retail groups.

The scheme has a recruitment target of 8m card holders, and AT&T estimates that consumers will be able to save about £180 a year by using the card when they shop at member stores. AT&T will process the information obtained from the card users for the retailers.

"The grocer may like to know who is a high spender within the scheme but is not shopping with them," says Ruth Kemp, for the group. "Then they can offer incentives to use their store. Retailers will also know for the first time who their customers are.

"When people move house, for example, retailers often lose valuable customers. With the information on the database it will be possible to track customers. They could tell them where their nearest store now is, offer them incentives to shop there and provide them with a 'welcome to your new home' pack."

Not everyone is happy with retailers' new love affair with databases. The US media has heavily criticised the "Big Brother" aspect, which allows companies to record so many details about people's lives.

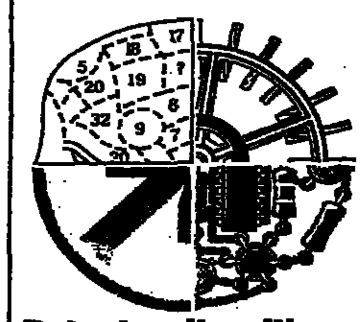
AT&T says it will proceed with caution. "All the current data protection laws will be strictly adhered to and the card holder information will remain confidential to each individual retailer," says Kemp.

"Customers may choose not to be sent any direct marketing. Our research shows that consumers' irritation with direct marketing is with unsolicited mail that is of no interest to them.

"The information held will result in tightly targeted direct marketing, so consumers should receive information that is genuinely of interest to them. For example, if we see you are buying a lot of garden products, you may well be interested in receiving a spring bulb catalogue."

Despite concerns over information flow, membership schemes that offer discounts and purchasing incentives seem to be the retailers' best chance of keeping track of customer purchases. "As part of a scheme or club, people's sense of belonging is established by regular communication," says Kemp. "Participants do not see this type of communication as invasive."

Worth Watching · Vanessa Houlder



Data density with IBM sensor

IBM researchers in San Jose, California have made a highly sensitive sensor for reading computer data on magnetic hard disks. They believe it will allow information on disks to be stored nearly 20 times more densely than currently possible by the turn of the century.

The new sensor, called a "spin-valve" head, is five times more sensitive than the disk-drive sensors available now. It is the first high-density recording head designed to take advantage of the giant magneto-resistive (GMR) effect, discovered six years ago.

Until recently, all recording heads used electrical induction for reading and writing data on a disk. The GMR effect, which depends on changes in the electrical resistance of very thin films of a magnetic material in a magnetic field, is more sensitive than the induction method for reading data.

The strength of the signal from the spin-valve allows the disk-drive designers to reduce the width of the magnetic bit track by six times, allowing a greater density of data on the bit head. IBM said products containing 10bn bits of data per square inch of disk surface will be available by 2000.

IBM: US, 408 927 1283

Up to date with EU legislation

Tracking the legislation pouring out of the European Union is a time-consuming but increasingly important task for businesses affected by EC directives.

Reuters Business Information, a subsidiary of Reuters, has launched an on-line business information service called European Union Briefing, designed to help researchers monitoring EU developments.

The service offers subscribers breaking news from Reuters, with access to a five-year archive of 600 publications. The system has a document number search facility to allow specific legislation to be tracked quickly.

The information can be retrieved using a personal computer, which connects to Reuters databases using a modem or other external connection. Reuter EU Briefing costs $400 per month for 20 hours of on-line search time.

Reuters: UK, 071 324 5184.

New light on outdoor displays

Brightly lit advertising displays come into their own at night but can look washed out in bright light. A new display screen that adapts to different lighting conditions has been designed to overcome this. Black Box Vision, a start-up company, has developed a liquid crystal display screen that will show high-resolution, animated graphics throughout the day using relatively low power.

The system is designed to consume less power and give a higher-quality picture than traditional systems which use bulbs or neon light. The system works by combining back-lighting with a reflective display, which reinforces the picture in the daytime.

Black Box Vision: UK, 0273 693622.

Human genetic blueprint scheme

French researchers have launched an $11m programme to sequence and analyse the regulatory regions of the human genetic blueprint, which make up about 5 per cent of all human DNA. They are responsible for activating genes and controlling the way the genes produce proteins, Clive Cookson writes.

The programme will be carried out jointly by Genset, a biotechnology company based in Paris, and Généthon, a charity funded by an annual telethon. Together they are setting up a Très Grand Sequençage laboratory, which they believe will be the first in the world dedicated to sequencing and analysing the regulatory code – as opposed to the genes themselves.

Genset: France, 1 43 56 59 00.

INSTITUTE OF ACTUARIES FACULTY OF ACTUARIES

The following candidates have completed the examinations requirements for the qualification of Fellowship of the Institute of Actuaries or of the Faculty of Actuaries.

Mr M A Ahmed	LONDON	Miss DL Hellman	JOHANNESBURG	Mr SJ Perry	LONDON
Mr IL Atkinson	EDINBURGH	Mr AP Higham	LONDON	Mr NA Pike	LIVERPOOL
Mr R Austin	EDINBURGH	Mr JG Hill	LONDON	Miss KM Pothecary	HORSHAM
Mr RJ Baddon	EDINBURGH	Mr MN Hooton	CROYDON	Mr GA Price	GLASGOW
Mr ID Baker	EDINBURGH	Miss BJ Houghton	LONDON	Mr GR Pumfrey	EDINBURGH
Mr SA Baker	LONDON	Mr AK Howe	OXFORD	Mr B Purves	CHELTENHAM
Mr JG Bennett	BRISTOL	Mr JJ Howes	BIRMINGHAM	Mr KS Rabson	JOHANNESBURG
Mr MW Berg	CAPE TOWN	Mr SP Humphrys	CROYDON	Mr CP Rainier	LONDON
Mr JS Bernstein	LONDON	Miss CMJA Hunter	EDINBURGH	Mr RA Reid	SALISBURY
Mr FA Berry	LONDON	Mr DJ Hunter	LONDON	Miss K Reilly	EDINBURGH
Mr RS Bhabra	BIRMINGHAM	Miss C Iloenyosi	CROYDON	Mrs HT Reynolds	HORSHAM
Mr AS Birrell	CAPE TOWN	Ms SM Jackson	CROYDON	Mr SJ Richards	EDINBURGH
Mr S Biswas	LONDON	Mr LD Jagger	LONDON	Ms LV Richards	MANCHESTER
Mr AG Black	EDINBURGH	Mr SJ James	BRISTOL	Mr M Roberts	MANCHESTER
Mr PF Black	LONDON	Dr MJ Jenkins	LONDON	Mr MJ Rogers	CROYDON
Mr DC Bowie	CAPE TOWN	Mr IŞ Johnson	BIRMINGHAM	Mr AP Ross	OXFORD
Mr AW Brown	EDINBURGH	Mr T Kamionsky	JOHANNESBURG	Mr PA Ryan	GLASGOW
Mr HJ Buck	JOHANNESBURG	Mr M Kikulis	HORSHAM	Mr NS Sangha	CROYDON
Mr NJ Bucknell	CROYDON	Mr RS Kingswood	LONDON	Mr MVT Saunders	BRISTOL
Mr PI Burden	SALISBURY	Mr K Kneller	LONDON	Miss DK Scott	HORSHAM
Mr MG Butterfield	BRISTOL	Miss P Kousell	OXFORD	Mr KJ Semple	CROYDON
Mr GA Cameron	BRISTOL	Mr WT Lategan	CAPE TOWN	Mr RE Sergeant	LONDON
Mrs K Carmona	CROYDON	Mr PF Latto	HORSHAM	Mr N Shah	LONDON
Mr DJ Carr	BIRMINGHAM	Mrs F Layton	HORSHAM	Mr SG Sheffield	AUCKLAND
Ms EM Chapman	DUBLIN	Mr M Leahy	EDINBURGH	Mr ER Shinnie	EDINBURGH
Mr H Cimring	JOHANNESBURG	Mr SM Leake	CROYDON	Mr IG Simpson	HERTFORD
Mr PK Cleary	MANCHESTER	Mr KA Leitch	HORSHAM	Mr DM Smith	EDINBURGH
Mr CA Colton	LONDON	Mr CJ Lewis	LONDON	Mr CA Speed	GLASGOW
Mr P Cooper	CROYDON	Mr TI Lockyer	MANCHESTER	Mr NA Stern	JOHANNESBURG
Miss DM Coyle	DUBLIN	Mr AC Lovick	NORWICH	Mr R Stumpf	CAPE TOWN
Mrs SM Crosby	AUCKLAND	Mr DA Low	EDINBURGH	Mr AW Sykes	JOHANNESBURG
Mr ND Daniels	SALISBURY	Miss AH McCafferty	LIVERPOOL	Mr ND Taket	EDINBURGH
Mr EC De Waal	CAPE TOWN	Mr GD MacMillan	EDINBURGH	Mr PJ Tavner	CROYDON
Mr AT Dean	LIVERPOOL	Mrs J P Masding	MANCHESTER	Mr AA Tayyebi	BIRMINGHAM
Mr JR Dell	LONDON	Mr M Matthee	CAPE TOWN	Mr SP Teal	YORK
Mr L Egan	LONDON	Mr JG Maxfield	OXFORD	Mr C Tunstall	EDINBURGH
Mrs C Farrelly	HORSHAM	Mr TJ Maxwell	LIVERPOOL	Miss L Turner	CROYDON
Mr NJ Finlay	DUBLIN	Mr NJ McCann	MANCHESTER	Mr R Ungless	CROYDON
Mr AF Finn	SALISBURY	Mr PJF McCarron	LONDON	Mr DS Vallery	GLASGOW
Mr AJ Fleming	EDINBURGH	Mr SW McIntosh	LONDON	Mr FW Van Zyl	CAPE TOWN
Miss P Fothergill	LEEDS	Mr PS McMahon	DUBLIN	Miss M Venter	CAPE TOWN
Ms CS French	LONDON	Mr GA McQuillan	DUBLIN	Mr RS Vineall	CAPE TOWN
Mr D Gardner	LYTHAM ST ANNES	Mr DJ Moran	DUBLIN	Mr AW Walker	CAPE TOWN
Mr P Georghiou	LONDON	Miss HL Muscroft	HORSHAM	Miss SK Walkerdine	HORSHAM
Mr R Giles	MANCHESTER	Mr CG Norden	LONDON	Mr DR Watson	GLASGOW
Mr AGK Gill	LONDON	Mrs KE O'Reilly	DUBLIN	Mr PL Weeks	PETERBOROUGH
Mr CV Gillespie	CROYDON	Mr AJ Ogilvie	EDINBURGH	Mrs AM Weston	SALISBURY
Mr CD Goodwin	HERTFORD	Mr OO Okpalse	LAGOS	Mr RN Wharmby	SALISBURY
Mr DA Gordon	EDINBURGH	Mr JIO Olubayi	LONDON	Mr SF Whelan	DUBLIN
Mr SR Gracie	GLASGOW	Mr JB Orr	LONDON	Miss MF Wierzycka	CAPE TOWN
Mr DL Green	GLASGOW	Miss EJ Palfreyman	LONDON	Mr GM Willard	LONDON
Mr P Hagan	LONDON	Mr GN Paterson	CAPE TOWN	Miss AE Williams	LONDON
Mr AG Hall	LONDON	Mr EO Paul	JOHANNESBURG	Mr JB Wilson	HORSHAM
Mr DC Harrison	CROYDON	Mr JE Paver	SALISBURY	Dr WE Wilson	OXFORD
Mr PA Hately	SALISBURY	Mr GC Pearce	MANCHESTER	Miss J Yeung	LIVERPOOL
Mr DA Heggie	BRISTOL	Miss J Pennington	LIVERPOOL		

The winner of the Burns Prize will be selected after the April and September 1994 sitting, and will be announced at the time of the pass list in December.

Television/Christopher Dunkley

Prince Charles bares his soul to the nation

I blame Oprah Winfrey and Phil Donahue. It is their American chat shows, both screened in Britain, which have set the trend for on-screen self-analysis – for letting it all hang out. Prince Charles, always one for a pretty trend, has now fallen for this one and came before the nation on ITV on Wednesday night in *Charles, The Private Man, The Public Role*, pouring out his feelings like one of Donahue's transvestites or Oprah's food-bingers.

He thinks he's "quite a sort of private person" and also "one of those people who searches". He was interested in "pursuing the path through the thicket". He happens to be one of those people, he can't help it, who "feel very strongly and deeply about things".

This programme was the latest and least successful in the 'Monarchy on the Box' saga

Judged as a piece of television it was stunningly long winded (two and a half hours) and, throughout many of its travelogue sequences, narcoleptically dull. If there is anything less interesting in the world than standing in a desert or on a podium making diplomatic speeches, it is surely watching somebody else's home movies of the event afterwards, even if Philip Bonham-Carter's photography was as good as ever.

But of course this was not simply a piece of television, this was the big push in the charm offensive aimed at winning back ground after the hugely successful PR campaign staged by Charles' estranged wife, the Princess of Wales. Will it work? Hard to be sure, but if you consider it as a piece of modern marketing, aimed at promoting a career, you would have to say that the film makers faced a tough job.

Their subject, judging from this programme, is a man who on the one hand is keen to take on the top appointment with all its power and riches, not to mention a degree of kow-towing from those around him which looks positively medieval. On the other hand he loathes the limelight, detests the mass media (accusations of prurience crop up twice in this context) and sulks when asked to take on public responsibilities which he does not fancy.

Furthermore he manages to combine reticence bordering on modesty in some respects with remarkable conceit in others. His account of his own supposedly admirable behaviour after the fatal Klosters accident was squirm-making.

Boil it all down and there was little that was really new to be learned from this programme. Prince Charles would rather be defender of all faiths than one. Yes he was unfaithful to his wife, though we still do not know the precise ins and outs of the Camilla Parker Bowles story. He favours some form of national service, military or otherwise, sees nothing wrong in being a super arms salesman for Britain, and would indeed go further and run the British armed forces as Global Mercenaries plc.

Those were the revelations, but the significance of the programme lies elsewhere. This was the latest in a sequence which began in 1953 when the royals overruled the politicians and allowed the cameras into Westminster Abbey so that the public could watch the crowning of Charles' mother. The entire saga might be called "Monarchy On The Box" or perhaps "WestEnders". It has proceeded via the famous 1969 film *Royal Family*, and increasingly "intimate" Christmas broadcasts and other documentaries, to yesterday's programme.

For nearly four decades the received wisdom, shared by the present writer, was that the Windsors were masters of the medium, brilliantly exploiting modern mass communications to extend one of the world's most ancient monarchies into the 21st century by way of popular acclaim. Yesterday's monumental commercial must cast deep doubt on that idea.

An insubstantial wisp of memory: Eddie Izzard and Lindsay Duncan do their best in 'The Cryptogram' Alastair Muir

Mamet goes minimalist

Martin Hoyle finds the playwright's latest work too flimsy for words

With *Oleanna's* shock tactics fresh in the collective theatre-going memory and *Glengarry Glen Ross* revived at the Donmar, a third David Mamet play has opened in the West End. The *Cryptogram* flutters into the Ambassadors Theatre like an insubstantial wisp of memory; a sensitive and elusive short story of childhood, perhaps, unwisely spun out to theatrical length (only just: even with interval the evening is short though not, alas, rapid). For a world premiere by America's leading playwright the occasion is strangely flat. The management has offered London first refusal. I for one refuse it.

For all his popular identification with strong language and thrusting macho values, Mamet is a versatile writer. *Glengarry* presents a frieze of flat characters as frozen in hieratic postures as in an ancient Egyptian inscription. All immediacy and impact, they lack a past, history, backgrounds. His new play is the reverse, soggy with significance, every action and sentence setting off resonances that will plainly affect the small boy at the centre of the action for the rest of his life.

This is John, aged ten, who cannot sleep and hears voices, and whose father has just left his mother. She finds out by accident and is at first comforted by Del, a family friend and for some reason homosexual. In the course of their talk it emerges that the departed Robert had borrowed Del's room for assignations with another woman. As a sort of hush-money he passed on a German survival knife, as one does to compliant chums, that he won in the war (this is Chicago, 1959). Donny, the wife, reveals that the knife, far from being the spoils of combat, was a souvenir bought in the streets of London. Devalued, it is finally given to the child, as guilt and shame are passed from one generation to another.

Little effing and no blinding; but there remains the Mamet trademark of elaborately jagged, and perfectly interlocking, jigsaw dialogue. Equally calculated is his shy at Pinterese: a teasing, repetitive interrogation which squeezes out revelations with the almost ritualistic spareness of minimal music. Bob Crowley's sets desperately attempt to add something to this flimsy meandering: a dark room, a staircase, suddenly transparent walls that give glimpses, big deal, of kitchen or child's bedroom though no sign of the emperor's new clothes.

The piece is acted for more than it is worth by Lindsay Duncan, a stylishly intelligent actress who has been wasted in more bad plays and/or misguided productions than Equity has resting members. She manages to make lines like "I am not God; I don't control the world" sound deliberate instead of autopilot domestic-drama writing. Interest naturally focuses on Eddie Izzard as Del. Parted from the drag that he frequently affects, the stand-up comic plays from his own persona: rueful, puzzled, inquisitively following a line of thought that results in a slap in the face. A fleshy young man in a sports jacket bearing a more than passing resemblance to a youthful Michael Grade, Izzard is remarkably assured in his first dramatic assignment, apart from an occasional anticipated cue that increases his air of naturalness. Danny Worters is a touchingly reproachful boy.

If minimalism appeals to you, *The Cryptogram* may prove rich with hidden meanings, allusive, echoing. Or you may find it precious, pretentious and pompous and the hell with it.

Ambassadors Theatre (071-836 6111)

Ballet

Hamlet from the Cape

A difficult evening. British ballet owes a great deal to South African dancers in such crucial figures as Nadia Nerina, Maryon Lane, John Cranko, David Poole, and it is pleasing that the Cape Ballet should make its first overseas tour under the new dispensation to London. We know that the past decades have been difficult for South African ballet, and artistic isolation has inevitably thrown the troupe on its own resources. But the *Hamlet* with which the company opening its Wells season on Tuesday night is an odd calling-card.

Veronica Paeper, Cape's artistic director and chief choreographer, is a prolific creator, her works including *John the Baptist*, *Sylvia in Hollywood* and *Nell Gwynne*. Alas, her *Hamlet* is an altogether too innocent guided-tour of the play. With many danced versions of literary masterpieces, you tick off the Great Moments as they lumber past: "Here's To be or not to be", and "Caramba! we've only got to the Player scene – there's a hell of a long way to go yet".

So it was on Tuesday. Peter Klatzow's commissioned score is effective, atmospheric, a sure support for the drama. Peter Cazalet's clever permanent set can be castle (one wonders a bit about the gigantic candelabra that edge on and off, trembling the while) or battlements, with costuming that gleams *very* brightly. Miss Paeper dresses the stage efficiently in crowd-scenes. The problems lie in the naivetés of her choreographic manner, and of the company's dance style.

What we see is uneasy and superficial as step and manner. Narrative procedures are no more than hints of what Shakespeare tells us, movement trapped rather than transcending. Expression becomes dumb-show of a predictable kind – a sexy Gertrude climbing over Claudius in a sub-MacMillan duet; Hamlet with two expressions: anguished and more anguished – while the cast make sudden and impulsive irruptions into classic dance, as if wanting to take it by surprise and thus get the better of it. They do not succeed.

The academic style of the company is not well served, nor did I see the assurance and clarity that classical movement should have. Some dancers were vivacious – and rather too much so; others looked ill at ease. The choreography skittered around its subject; the dancers did not provide the emotional weight, the technical gravitas, to convince me that the evening was anything more than a display of the flimsy. Two later programmes will, I trust, be a better portrait of the ensemble.

Clement Crisp

The Cape Ballet is at Sadler's Wells until July 9. Sponsored by Unifruco

Sponsorship/Antony Thorncroft

Allied pushes upmarket with the RSC

It is six months now since Allied-Lyons announced the biggest arts sponsorship in the UK – £1m a year, for three years, to support overseas touring, educational work and new productions at the Royal Shakespeare Company, plus another £100,000 to help advertise the company. How is it shaping up?

Well, the budget has already grown by a couple of hundred thousand a year, thanks partly to Allied's acquisition of Domecq which will mean plenty of reprinting of the sponsor's new name, but mainly to an enthusiastic early response to the consumer promotions linked to the sponsorship.

Allied-Domecq is an unusual arts sponsor, being a packaged goods company with millions of consumers each day. This month its first promotion exploiting the RSC connection starts to appear in its chain of Victoria Wine off-licences, which it is pushing upmarket: buy RSC tickets for this August and you get a free programme, a free interval drink, and £5 off your next purchase of wine.

In the near future similar special offers on tickets for the RSC are likely to appear in its smarter pubs, and on Allied brands, which range from Tetley tea bags to Teachers whisky, in the more middle class supermarket chains, like Sainsbury's. The company is deliberately using the sponsorship, and the reputation of the RSC, to raise its image.

The first promotions were aimed at shareholders and employees, and offered free membership of the RSC and discounts on tickets. The initial take up exceeded forecast, hence the need to raise the budget. The main benefit from the link, helping Allied to expand into overseas markets on the back of visits by the RSC, has yet to happen, although the RSC is booked to visit California in October. The only problem to arise to date is that the meticulous advanced programming of a packaged goods company does not match the more immediate, improvisational, scheduling of a theatre company, but Allied-Domecq already sees the sponsorship extending way beyond the initial three years.

It also envisages extending its theatrical links to embrace the Fringe as well as the RSC. Allied owns three of the main pub theatres in London: the Bush, the Gate, and the Kings Head. It has already helped the first two and intends to support the Kings Head, as well as getting behind pub theatre nationally.

A few years ago there was deep concern about the future of the great British university museums. As the universities were starved of funds to educate students, shoring up the collections at the Ashmolean, the Fitzwilliam, the Courtauld, and others, came low in their order of priorities.

But the museums themselves seem to have risen magnificently to the crisis, thanks mainly to the rallying round of sponsors, both corporate and charitable. The Courtauld is currently displaying some of the finest Impressionists in London, thanks to £250,000 funding from Cantor Fitzgerald, the American finance company, which supports art in the US but has never before backed a show in the UK, while the Ashmolean at Oxford has just announced one of the most lavish bequests in its history.

The Headley Trust, the personal charitable foundation of Tim and Susie Sainsbury, has put up £4.5m to create beneath the museum forecourt a café, shop, lecture room, and more. This is the biggest donation by the trust since it made the major contribution to the Sainsbury wing at the National Gallery.

In the last six years the Ashmolean has raised £8.5m from sponsors and is well on the way to securing the £1.5m needed to build four new galleries for Eastern art and antiquities.

Reuters has never been a major arts sponsor in the UK but it is getting behind the Endellion String Quartet for its four concerts at the Queen Elizabeth Hall, starting on Wednesday. To add spice to the events it is mounting an exhibition in the QEH foyer of photographs and videos with a musical theme drawn from its archive, including the young Menuhin, Bernstein at 70, and more.

Reuters will also support the Endellion Quartet in a residency at MIT in Boston next April, with a total budget approaching £40,000.

The National Lottery seems likely to make life even tougher for those companies with a reputation for sponsoring the arts. For the government is intent on linking the money destined for the arts and heritage to the success of arts organisations in drumming up matching funding.

Last week, for example, the National Theatre announced that it was planning a £7m rebuilding programme, and anticipates lottery money, but it knows that it must raise half the total, £3.5m, by appealing to its corporate friends, rich patrons, and Trusts.

So companies will be courted twice – for sponsorship to make possible live performances, as at present, and for donations to act as the trigger for lottery cash for capital developments. It may work for the big organisations, like the Royal Opera House, which has already assembled a band of rich patrons ready to write out their cheques when the lottery money arrives, but it could prove an impossible challenge for smaller and medium sized regional arts companies – and for their long suffering sponsors.

INTERNATIONAL

ARTS GUIDE

Exhibitions Guide

AMSTERDAM

Van Gogh Museum Van Gogh's Self-Portraits: 20 paintings and two drawings dating from his stay in Paris 1886-87. Ends Oct 9. Daily

Rijksmuseum Flowers and Plants: flora and fauna in five centuries of prints and drawings. Ends July 31. Closed Mon

Royal Palace The Fountain of Pallas: marble statue on show together with related paintings, drawings and terracotta models. Ends Aug 28. Daily

BERLIN

Ephraim-Palais Berlin Paintings from Blechen to Hofer: a selection of the most important 19th and early 20th-century paintings from Berlin galleries, starting with the German Romantic artist Karl Blechen and continuing through the Biedermeier period, German Impressionism, Beckmann and other expressionists, and on to the Neue Sachlichkeit. Closed Mon (tel 238 0900)

Altes Museum The Last Days of Humanity: 600 photos, posters, paintings and drawings illustrating artists' responses to the first world war, and including works by Beckmann, Kokoschka, Dix, Picasso, Chagall and Wyndham Lewis. Ends Aug 28. Closed Mon

Haus der Kulturen der Welt Tanzania – masterworks of African sculpture: 400 works from the 19th and 20th centuries. Ends Aug 7. Closed Mon

BONN

Kunst – und Ausstellungshalle The Century of the Avant-Garde in Central and Eastern Europe: 700 works by 200 painters and sculptors, offering a thematic guide to the main artistic developments of the past century. Ends Oct 16. Closed Mon

BRUSSELS

Palais des Beaux-Arts Robert Smithson: retrospective of the American artist, one of the founders of Land Art. Ends Aug 28. Closed Mon

DUSSELDORF

Hetjens-Museum Ceramic Works of Picasso, Miró and Tàpies: 90 works by three leading Catalan artists of the 20th century, ranging from Picasso's decorative owls and figurines to Tàpies' massive sculptures. Ends Aug 28. Closed Mon

ESSEN

Villa Hügel Paris – Belle Epoque: an evocation of the period from 1880 to 1910 with paintings, drawings, posters, photographs, glass and furniture. Ends Nov 13. Daily

FRANKFURT

Schirn Kunsthalle Goethe and Art: 300 paintings, drawings and sculptures ranging from antiquity till Goethe's death in 1832, and including work by David, Schinkel, Caspar David Friedrich, Claude Lorrain, Constable and Turner. Ends Aug 7. Daily

GLASGOW

Hunterian Art Gallery Charles Rennie Mackintosh – The Chelsea Years 1915-1923: a reassessment of Mackintosh's London years, often regarded as a period of decline. Ends Aug 27. Closed Sun

HAMBURG

Kunsthalle Masterworks from the Guggenheim Collection: 60 paintings by Picasso, Braque, Dubuffet, Bacon, Chagall, Kandinsky and Miró. Ends Sep 25. Closed Mon

Deichtorhallen Fritz Schumacher and His Era: 700 drawings and plans by the early 20th-century architect renowned for his attempt to harmonise the spheres of work, home and recreation in modern town-planning. Ends July 17. Closed Mon

LONDON

Hayward Gallery Bonnard at Le Bosquet. Ends Aug 29. Daily (advance booking 071-928 8800)

Tate Gallery R.B. Kitaj (b1932): retrospective of the American-born figurative painter. Ends Sep 4. Daily

Marlborough Fine Art R.B. Kitaj: recent pictures and graphics. Ends Aug 20. Closed Sun

Victoria and Albert Museum Pugin – A Gothic Passion: retrospective of the 19th-century British designer. Ends Sep 11. Daily

National Gallery From Caspar David Friedrich to Ferdinand Hodler, A Romantic Tradition – Paintings and Drawings from the Oskar Reinhart Foundation. Ends Sep 4. Daily

British Museum Indian Paintings and Drawings from the Collection of Howard Hodgkin. Ends Aug 21. German Printmaking in the Age of Goethe. Ends Sep 11. Daily

MADRID

Centro de Arte Reina Sofia Gerhard Richter: 100 works by one of the key figures in contemporary German art. Ends Aug 22. Closed Tues

MARTIGNY

Fondation Pierre Gianadda From Matisse to Picasso – 20th-Century Masterworks from the Gelman Collection: organised in collaboration with New York's Metropolitan Museum of Art, this exhibition shows Bonnard, Matisse, Braque and Léger, with pride of place given to 13 works by Picasso. Ends Nov 1. Daily

METZ

Arsenal Gold of the Gods: more than 600 pre-Colombian jewels, ritual knives and masques shown under Unesco patronage. Ends Oct 2 (tel 4410 7303)

MONTECASSINO

Museo dell'Abbazia Medieval Illuminated Parchments from Southern Italy: precursors of the tele-documentary, these richly-illustrated parchment scrolls were thrown down from the pulpit at the climax of the Christian liturgical year, the Easter Vigil. The 31 known extant examples are on show, with their superbly lively and colourful scriptural illustrations. Ends Aug 31. Daily 9am-12.30 and 3.30-7pm. Montecassino is about an hour's drive south of Rome on the Naples road. There are excellent fish restaurants clustered round the base of the hill, with trout from local streams.

MUNICH

Haus der Kunst Elan Vital: 400 works exploring the links between Kandinsky, Klee, Arp, Miró and Calder. Ends Aug 14. Closed Mon

Kunsthalle der Hypo-Kulturstiftung El Dorado: 300 gold and ceramic treasures from pre-colonial Colombia. Ends Sep 4. Daily

Villa Stuck Christo: an exhibition devoted to the grandiose urban projects which the Bulgarian-American artist has pursued during the past 30 years. Ends July 10. Closed Mon

Neue Pinakothek Wilhelm Leibl: 150th anniversary retrospective of the Cologne artist who was the leader of late 19th-century German Realism. Ends July 24. Closed Mon

Stadtmuseum Paul Strand: the first important European exhibition devoted to the celebrated American photographer, who died in 1976. Ends Aug 7. Closed Mon

NANCY

Musée des Beaux-Arts Hans Arp: sculptures and drawings 1913-66 by the Alsatian artist who was one of the founders of Dada. Ends Sep 19. Closed Tues

NEW YORK

Metropolitan Museum of Art Petrus Christus: 22 paintings by the 15th-century Netherlandish master, renowned for the jewel-like luminosity of his work. Ends July 31. Picasso and the Weeping Women. Ends Sep 4. The Annenberg Collection of Impressionist and Post-Impressionist Masterpieces. Ends Nov 27. Dali – The Early Years: 59 paintings and 66 drawings, exploring the precocious first steps from his native Catalonia to his student years in Madrid and his acceptance into the Parisian Surrealist circle in 1929. Ends Sep 18. Closed Mon

Museum of Modern Art From Manet to Picasso – Masterpieces from the David and Peggy Rockefeller Collection. Ends Sep 6. British Drawings 1890-1990: the exhibition highlights the work of early modernists such as Vanessa Bell and Jacob Epstein, and examines the influence of Surrealism on such artists as Henry Moore and Edward Burra during the 1930s and 1940s. The postwar section includes work by Lucian Freud and David Hockney. Ends Sep 13. Closed Wed

Whitney Museum of American Art Edward Hopper (1882-1967) and Jack Pierson (b1962): the latter has selected 20 works by the former, and placed them alongside his own work. Ends Sep 11. Joseph Stella (1877-1946): more than 200 works by the American modernist. Ends Oct 9. Closed Mon

PARIS

Grand Palais The Origins of Impressionism 1859-69. Ends Aug 8. Closed Tues

Musée d'Orsay Nadar, Photographs 1854-65: Nadar was a friend of writers and painters, whose portraits raised photography to the category of creative art. Ends Sep 11. Closed Mon

Musée d'Art Moderne de la Ville de Paris Dutch Art of the 20th Century: the first part traces developments from Van Gogh to Mondrian, while the second focuses on 10 contemporary artists. Ends July 17. Closed Mon (11 ave du President Wilson)

Centre Georges Pompidou Joseph Beuys: retrospective of the gentle revolutionary, a politically engaged artist whose piano draped in grey felt belongs to the museum's permanent collection. Ends Oct 3. Closed Tues

STUTTGART

Staatsgalerie Italian Drawings 1500-1800: a representative selection of the large, high-quality Stuttgart collection, built up over the past two centuries and including work by Giambattista and Tiepolo. Ends Sep 4. Picasso: a rare showing of 400 prints from a private collection. Ends Aug 14. Closed Mon

Linden-Museum Art of the Aborigines: 90 wood paintings and 40 sculptures. Ends Sep 25. Closed Mon

WASHINGTON

National Gallery of Art Willem de Kooning's Paintings: 75 works by the influential American abstract expressionist. Ends Sep 5. Daily

National Museum of American Art Thomas Cole: 70 works by the father of the Hudson River school of painting. Ends Aug 7. Mary Vaux Walcott: 50 watercolours by the early 20th-century naturalist, explorer and artist. Ends Aug 29. Daily

ZURICH

Kunsthaus Dada: 150 paintings, drawings and collages by Duchamp, Man Ray, Ribemont-Dessaignes, Max Ernst and many others, plus posters, letters and other documents relating to the nihilistic movement founded in Zurich in 1916. Ends Aug 21. Amor and Psyche around 1800: an artistic exploration of the classical Greek legend. Ends July 17. Closed Mon

Bloomin' bureaucrats

Michiyo Nakamoto on Japan's unloved, overworked civil servants

Just before 8pm, in the heat and humidity of a Tokyo summer evening, a young, grey-suited bureaucrat sits back in his chair in his office on the 15th floor of Japan's Ministry of International Trade and Industry, tugs at his grey tie and takes a breath of the stale air around him.

Under the ministry's regulations, the air conditioning was turned off at 5.45pm when business officially finished for the day. But for Tatsuya Terasawa, 33, deputy director of the Americas division, work is far from over.

As is the case most nights, he will be lucky to make it home on the last train, a little after midnight. More likely, he will take a cab from Kasumigaseki, where Japan's central ministries are concentrated and the cream of its civil servants work, to his flat in suburban Tokyo in the early hours of the morning.

Even by Japanese standards, Terasawa's lifestyle is not an enviable one. Yet his devotion is being appreciated less and less. Once seen as the architects of Japan's postwar economic success, the country's 1.2m bureaucrats are increasingly seen by politicians, businessmen and the public as relics of an antiquated order, scheming to protect their authority and privileges at the expense of economic and social progress.

Japan's uniquely pervasive web of official regulations, which govern most aspects of life and give the bureaucrats their authority and power, is criticised for stifling entrepreneurial spirit and economic growth. "Bureaucrats say they don't have money, but they dig up the roads several times a year, build unnecessary dams, luxurious public offices and cultural halls. They are like blinking traffic lights on a deserted road," complained one letter this week in the Nikkei, Japan's business daily.

Outside Japan, US negotiators have blamed the intransigence of Japan's bureaucrats for the failure of the two countries to reach a trade agreement when President Clinton met the then Japanese prime minister Mr Morihiro Hosokawa in February.

In response to these pressures, the Japanese government is trying to weaken the influence of bureaucrats. On Tuesday, a detailed deregulation package was unveiled identifying a number of regulations, implemented by the denizens of Kasumigaseki, that could be abolished. The package aims to reduce business costs in housing, telecommunications, imports and distribution, and financial markets. Japan's new prime minister, Mr Tomiichi Murayama, has promised to continue the previous government's policy of deregulation.

The powerful business group, the Keidanren, the federation of economic organisations, wants the government to go further. It recently asked Prime Minister Tsutomu Hata, who resigned last week, to halve the number of regulations policed by the bureaucrats of Kasumigaseki.

The response of Mr Terasawa to this assault sounds almost hurt. "We must realise that the bureaucracy has its limitations but at the same time it is critical to getting things done," he says. The belief in his own importance, shared by his many of his colleagues, has been bolstered by Japan's political turmoil, which has left the running of the country in the bureaucrats' hands while the politicians have been preoccupied with political survival.

The political vacuum has also strengthened Mr Terasawa's conviction that "bureaucrats are the ones who make the policy options, who implement policy and, in many cases, determine policy". He believes the role of politicians should be restricted to making a small number of decisions on controversial issues – such as taxation, opening up Japan's rice market, and national security.

But it is such self-assurance that has fuelled much of the criticism of the civil service. "The problem with Kasumigaseki today is that policy determination and implementation have become muddled together and have hampered administrative efficiency and led to the unnecessary expansion of the bureaucracy," says Mr Shino Namikawa, secretary general of the Citizen's Forum for Renewal, an organisation set up by the government to make suggestions for administrative reform.

Mr Terasawa's defence is that the Japanese bureaucracy is in fact an agent of change in Japanese society. "Bureaucrats are often described as being like Chinese mandarins. But I think the reality is very different," he says.

Mr Terasawa, who was educated in the US, says the role of Miti is to encourage deregulation and act as a "catalyst to speed up social change". That, he says, is a very different attitude from that of the bureaucrats who were running Miti even a few years ago.

As a further example of how Japan's bureaucracy is changing and catching the public mood, he cites the latest trade talks with the US.

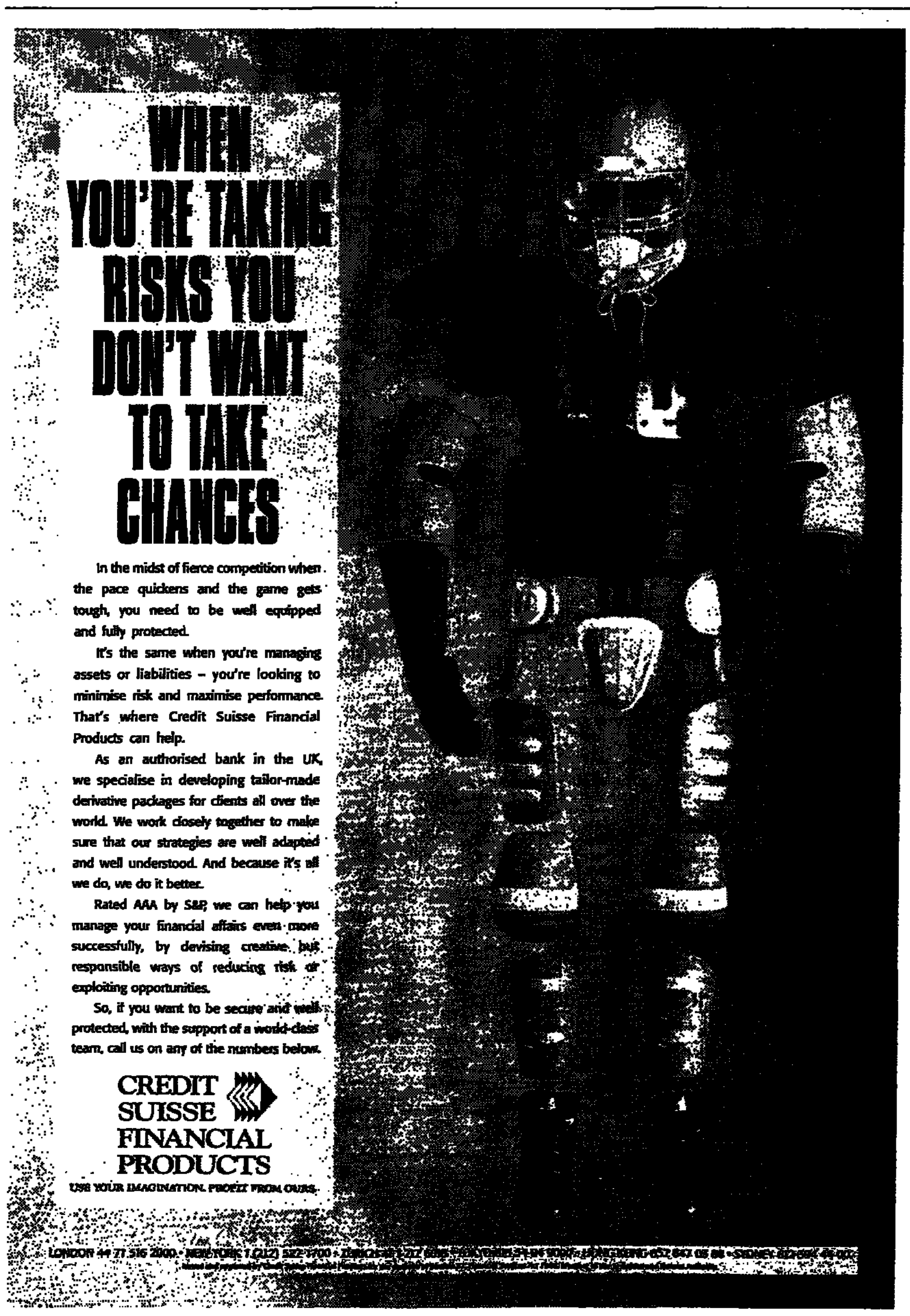
"My generation does not feel that we have to bow to every wish of the US, but the US has not been able to keep up with this change. They still expect Japan to come to a summit meeting with an *omiyage* – a gift. That is one reason why the February summit failed to produce an agreement," Mr Terasawa says.

But the flaw in his argument is that the pressure in Japan is not for a civil service prepared to take political decisions – but for one that does not impose a political point of view at all.

An elite corps of administrators which believes it has the right to make decisions of national interest and direct every detail of the country's economic and social life no longer seems relevant to a highly educated and well-informed public which increasingly seeks the freedom to make its own choices. It is a message that, if heeded, would force the the Japanese bureaucracy to rethink its *raison d'être*. "The belief that we are doing something good for the public is the source of our pride," Mr Terasawa says, as he reflects on the modest 1960s flat he calls home and the long hours away from his wife and two children.

The compensations for such self-sacrifice are meagre. As a graduate of the University of Tokyo law department with a second degree from Harvard Business School, he would probably be earning double his current salary if he had gone into banking instead of the civil service. During his two years in Miti's Americas division, dinner has more often than not been a box-meal from a local caterer.

"Unless you have a strong belief that you are doing something for the good of Japan, you won't be able to work under such conditions, he says. "There just wouldn't be sufficient motivation."



Joe Rogaly

Floated on a royal wave

We Republicans for Charles are right. Most of the opinions expressed by the Prince of Wales are sound. As the founder and to date sole member of R4C, I can say that we agree with nearly every word he said in his self-promotional film on Wednesday night.

Not about his private life. That is none of your business, or mine. The public life of the heir apparent is what concerns us. The charities he supports are admirable. Their beneficiaries are found in all sections of Britain's ethnically mixed population. Indeed, the Prince projected himself as the opposite of a nationalistic little Englander. He would have no place in the xenophobic wing of the Conservative party. The respect he showed for other faiths, including Catholicism, Judaism and Islam, is in tune with his affirmation that there is a spiritual dimension to life.

He may or may not be a Tory, but he appears to be of the one-nation persuasion. He is right about the ugliness of much contemporary architecture. He is a Green, and a believer in civic virtue. Like many of us, he thinks that some form of national service, not necessarily military, should be re-introduced. This could be a winner. Rootless, jobless school leavers have to be found something constructive to do.

Clearly, Charles is running for king. His theme is the return of quality to British life. Lovely platform; shame about the office. This is the point upon which Mr Jonathan Dimbleby failed to press the Prince. I am too kind. "Failed to press" be blowed. The younger Dimbleby *dodged* the key question. He might have have put it softly thus: should the British monarchy be privatised, sir? Not abolished. There is no call for that. Turning the dynasty into the independent Palace Trust would suffice. As purchaser of head of state services the government could award a contract to this or that hereditary institution to become sole provider. There might be competitive tendering. Other European or more far-flung royal houses would be qualified to bid. The monopoly should be regulated, by Ofthrone. Lord St John of Fawsley would be an ideal choice for First Regulator.

Don't mock. The arbitrary use of the royal prerogative by ministers and civil servants is no joke. It constitutes a fatal flaw at the centre of the British non-constitution. To put it right, the crown must be detached from the letterhead under which the executive does as it pleases. Let royalty be a living flag for all to salute, not a fig-leaf for an elective dictatorship. This is a serious constitutional proposal. Arguments for, against and around it will be found in *Power and the Throne*, a forthcoming book arising out of the debate on the monarchy organised by the *Times* and Charter 88 last year*.

Clearly, Charles is running for king. His theme is the return of quality to British life. Lovely platform; shame about the office

As Lady Williams, the former Shirley, puts it, "the executive in Britain has something very close to absolute power; it hides behind the Crown as a way of hiding from us the extent of that power". Let us list the areas in which such power is exercised. The result is breathtaking. Under the royal prerogative ministers may conclude treaties, move interest rates, appoint anyone they please to any public position they like, award honours and peerages, manage the civil service, and fill endless volumes with delegated legislation, all without requiring prior approval from parliament. Most of the real deciding is done by officials.

The courts act as an uncertain brake upon the exercise of this huge quantity of authority. Prince Charles intimated in his film that he finds it difficult to influence the Home Office or the Foreign Office, let alone the Treasury or other departments. Yet all of them take thousands of decisions every year, under cover of his mother's name, and free of any check or balance.

Change may come. Mr Jack Straw, campaign manager for Mr Tony Blair in the Labour leadership contest, favours a new Act of Settlement. That would reposition the Crown within the British polity. "...we should aim for a situation where all powers exercised by the executive, and by the monarch, are based upon statute, sometimes ... reinforced by direct decisions of the electorate through referenda," he writes. Mr Straw's ideas are not always taken up by his party. Labour is, however, committed to a number of constitutional reforms, all of which would diminish the power of the central executive. Give Scotland its own parliament. Entrench local government. Pass a bill of rights and a freedom of information act. Replace the House of Lords by a senate. These little things add up. Suddenly you have constrained Whitehall.

The Prince of Wales was not asked about these matters, but it cannot be taken for granted that he would oppose all or indeed any of them. He might well support some, if only his interlocutor had the wit to inquire. His desire to be sworn in as defender of all religions rather than the church founded by Henry VIII for concupiscent reasons suggests a willingness to be separated from at least one of Britain's constitutional arrangements. Good. But the monarch is one thing, disestablishment quite another. The prince could be defender of the spiritual life and bishops could still sit in the Lords, if that is the way we chose to arrange matters.

Republicans for Charles can therefore claim that the House of Windsor would benefit from becoming semi-detached. The monarchy is in difficulties because it is under intolerable pressure. In my hot-headed youth I was an *uncompromising* republican (Ofhead), but I have since been persuaded that in Britain there is merit in the continuity of a floated-off royal house. It is a fine tourist attraction. On a more elevated plane it serves as a focus for national sentiment.

Cutting it free from the barnacled substructure of our unwritten constitution would strengthen it. The occupant of the throne could become a private person, the essence of nationhood. As Sir John Stokes, former Conservative MP for Halesowen and Stourbridge, put it – "It is very important if you are going to war your oath is to the Queen and not to the ... secretary of state for defence ..." Fine, so long as said secretary of state derives his authority from the people, and not merely from his officials' ability to deploy the royal prerogative according to whim.

**Edited by Anthony Barnett. Vintage, 20 Vauxhall Bridge Rd, London SW1V 2SA*

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Iniquitous measure for pensions

From Mr T S Shucksmith.

Sir, Lex ("Securing Goode returns," June 24) described the initiative of the actuarial bodies formally to downgrade cash equivalent by assuming higher (equity-based) returns for all but older pension scheme members as "nifty footwork by the actuarial profession". What for shareholders and corporate management may look like nifty footwork will look like sleight of hand to cognisant scheme members. The government should not condone deception of scheme members based on esoteric (and unconvincing) argument.

I believe I am not alone in the actuarial profession in thinking that equity-based "cash equivalents" are iniquitous. They should be condemned as a false measure. It cannot be right for a value to be elastic according to the convenience of pension schemes for meeting minimum funding (solvency) standards and easing the burden of debt on employer liabilities in the event of winding-up.

It is disturbing that when preservation in final salary schemes is still far from satisfactory, proposals should be countenanced which degrade an important early-leaver right, viz to a transfer payment properly reflecting defined preserved benefits. After all, most members will be early leavers and few full-term retirement cases.

The government should by contrast be introducing clarifying legislation making it crystal clear that cash equivalents must be calculated by reference to comparable investments, ie on a gilt-edged basis with cautious allowance for reinvestment of income and full credit for the relief of schemes from expenses of future administration.

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G7 must be more democratic

From Professor H W Singer.

Sir, In his article "Ground rules wanted" (June 29), Edward Mortimer writes of "the intense suspicion with which the G7 is regarded by many third world governments". As he indicates, the G7 is suspected of "colonial nostalgia or greed for oil".

This, however, is not the full story, nor even the main story. The main limitation of the G7 must be seen in the fact that it is highly unrepresentative. The countries of the G7 represent little more than 10 per cent of the world's population. This is surely a thoroughly undemocratic method of handling problems of global macroeconomic management. In particular the third world, with a majority of mankind, is completely unrepresented, even though it is deeply affected by decisions in the G7. There is a strong case for the enlargement of the G7 by at least adding, say, Brazil for Latin America, South Africa or Nigeria for Africa, and India for Asia. One alternative would be for the UN in the person of the secretary-general to act as a spokesman for third world countries. Another alternative suggestion for making the process more democratic is to vest global economic management in a new UN Economic Security Council – this is elaborated in the current 1994 Human Development Report published by the UN Development Programme.

Whatever the method chosen – and there are other alternatives apart from the three mentioned here – the case for broadening the scope of global management is incontrovertible. Hopefully this will make the process more effective as well as more democratic.

H W Singer,
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Brighton BN1 9RE

Still very much on track

From Ms Lesley Smith.

Sir, Observer criticises Railtrack's presentation of its case and suggests that this failure may be because my heart is not in my job ("Wrong track", June 28).

I cannot pretend that restructuring the grading and working practices of 4,600 key Railtrack staff presently grouped in 14 grades with a wide range of allowances and enhancements for their varied responsibilities is easily simplified. I hope that effort and persistence will enable us to explain the value of our offer.

I am concerned, however, at the suggestion that I lack the commitment to do so. That is wholly untrue.

I have been extremely fortunate in my recent career. It was a privilege to work for the late leader of the opposition and his team, as it has been since to work for ScotRail, among the most talented and high achieving of the BR profit centres. I am equally enthusiastic to be able to play a part in Railtrack's task of safeguarding the future prosperity of the rail network. I am touched by your concern for my heart but can assure you that it is, as ever, in my work.

Lesley Smith,
head of government and public affairs,
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Printing price fall not so great

From Mr Colin Stanley.

Sir, The UK printing industry has maintained its efficiency through recession but prices have not tumbled as Mr Erwin Königs, of Linotype-Hell, suggests (Technology: "Death of a craft", June 28). He says "the price of printing has been cut in half in the past two years or so". Printers have competed hard during this recession and continue to give extremely good value. Let's not exaggerate, however; today's price for printing ranges from 1990 levels to 5 per cent below that.

At the depth of the recession it was 6-10 per cent below the peak touched in mid-1990. We believe this to be achievement enough and would not like to pretend to have done better.

Colin Stanley,
director-general,
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The global investor

From Mr Peter B Vos.

Sir, I refer to Gillian O'Connor's comment (Serious Money, June 25) in which she states that "sticking to the UK (stock market) is the global equivalent of keeping your life's savings in a box under the bed".

This could hardly be less true today when an increasing proportion of UK national product is earned in trade with the "global market" and as a result of the UK's high level of investment overseas. The UK stock market is unusual because, unlike other leading stock markets such as New York or Frankfurt, its largest constituents trade predominantly outside their home markets.

Although it is reasonable to spread investments across other markets, including (for the brave) the emerging markets, it is also possible to have a globally balanced portfolio with the majority of constituents quoted in London.

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Over-stated case against herbicide resistant oilseed rape

From Professor Michael J Crawley.

Sir, While it is prudent to exercise great caution before introducing any novel organisms into the environment, Dr Alan Wrelton (Letters, June 23) over-states the case against the introduction of herbicide resistant oilseed rape.

Dr Wrelton writes that "it is obvious to anyone that oilseed rape is colonising set-aside land and marginal habitats such as motorway verges". Precious little in ecology is obvious! Oilseed rape is not colonising set-aside land. The plants you see growing there have come from a bank of seeds in the soil, left over from previous cultivation. As to motorway verges, oilseed rape is rare on older, undisturbed sections. Detailed study shows that most of the populations of oilseed rape are ephemeral: here one year and gone the next. The fact that many more rape plants are seen on the side of the M25 motorway heading towards the seed processing plant compared with the opposite verge suggests strongly that the source of the plants we see each spring is seed spilled from lorries en route to the crushing plant, rather than recruitment from an established population.

Detailed experimental work comparing invasiveness of conventional oilseed rape and genetically-modified, herbicide tolerant rape showed no evidence at all that genetic engineering led to increased invasiveness (1993, Nature 363, 620).

It is important to remember that genetic modification which creates tolerance to one herbicide does not confer tolerance to other, different kinds of herbicide. If ecological risk assessment is to be taken seriously, then it needs to be based on firm evidence rather than idle speculation.

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FINANCIAL TIMES

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Friday July 1 1994

Building on the recovery

For the first time since 1991, the Organisation for Economic Co-operation and Development has been able to revise its projections upwards. It now expects the output of its members to grow 2.6 per cent this year and 2.9 per cent in 1995, up from 2.1 per cent and 2.7 per cent, respectively, in its forecasts of last December. Never mind the forecast, the upward revision is itself an excellent indicator of recovery. The principal question now is how to make recovery as long and as strong as possible.

The recovery in OECD countries – still divergent, but becoming less so – is an important element in a brightening global picture. Aggregate growth in the dynamic Asian economies – Korea, Taiwan, Hong Kong, Singapore, Thailand and Malaysia – is expected to remain at about 7 per cent in 1994 and 1995. China's economy is growing faster still. The Latin American economies are expected to grow at about 4 per cent in 1994 and 1995, while output is even beginning to rise in the Czech Republic, Hungary and Poland.

Market-led growth has not only become global, but the Uruguay Round trade agreement should, if ratified, ensure that it stays so. OECD-wide inflation is also lower than since the 1960s, with aggregate inflation in the group of seven leading industrial countries forecast at only 2 per cent in 1994.

The effort to eliminate the high inflation of the 1970s has now succeeded and must not be repeated. All OECD countries need to create institutional arrangements that not only prevent inflation from getting out of hand once more, but do so credibly.

Perhaps the most important obstacle to securing that goal is their fiscal positions. Between 1989 and 1995 the ratio of general government gross debt to GDP in the OECD countries is expected to rise from 58 per cent to 72 per cent. It should then stabilise, argues the secretariat, though under what seem to be optimistic assumptions. Worryingly, real interest rates are now higher than the likely long-term rate of growth of most OECD countries. In addition, members have substantial net pension liabilities – of more than twice GDP in some cases.

The question investors in bonds ask themselves is whether governments might find an inflationary default tempting. The answer depends on how heavily the burden of debt weighs upon them. On some countries, it weighs heavily already: in Italy, for example, net debt interest makes up a fifth of all government spending. There are other important reasons for undertaking further fiscal consolidation. But the most important is to make sustained low inflation more credible and inflation-risk premia in long-term interest rates correspondingly smaller.

Inflation, like fiscal deficits, is not an immediate problem for most major countries. But the beginning of a recovery is the ideal time to tackle longer-term constraints. The world enjoys a splendid economic opportunity. Governments should be thinking now about how to ensure it lasts.

Privatising Post

The Green Paper on the future of the Post Office published yesterday contains no surprises. The government's preferred option is to sell 51 per cent of the Royal Mail, with a regulator and statutory guarantees to protect universal service. The counters division would be hived off into a separate, state-owned body to meet concerns about wholesale closures among Britain's 20,000 sub-post offices.

The object, now widely agreed, is to free the Post Office to act commercially, while meeting public concerns about the maintenance of a universal postal service and village post offices. The government's favoured plan meets that object in all respects. There is no good reason to delay legislation beyond the next parliamentary session.

The Green Paper sets out two other options: first, to privatise the Royal Mail in its entirety; second, to keep the utility wholly within the state sector, with guarantees of greater commercial freedom.

A case could be made for either course, but neither is practicable in today's circumstances. Public opposition to a sale, already evident, might become irresistible if complete privatisation were proposed. In any case, the usual practice is to sell a company the size of the Post Office in more than one tranche. Once 51 per cent has been floated, it would be open to a future government to seek parliamentary approval to proceed further.

The other option – commercialisation within the state sector – is more problematic. On the continent such a policy has worked effectively; and since the Post Office will remain, for most of its business, a monopoly utility, it has attractions. However, obtuse Treasury restrictions make it a non-starter in Britain. It was difficult enough getting the Treasury to agree to allow fishing licences to be sold across Post Office counters. There is no chance of it allowing Post Office managers to run their business like others aiming for strong medium-term growth and profitability.

The Green Paper's proposal – under all three options – to give the Post Office's counters division greater freedom is to be welcomed. Far better to allow sub-post offices to offer more banking services and sell lottery and concert tickets than to profess an undying commitment to their future while closing them by stealth.

However, the future of the Post Office's letter monopoly is inadequately treated by the Green Paper. The monopoly currently extends to all addressed letters costing less than £1 to deliver. The government says it wants to reduce that towards the price of first-class postage. How far towards it? And does such a reduction imply that the monopoly will rapidly wither on the vine of inflation? Those questions, vital to the future of competition and universal service, need to be addressed directly before legislation is introduced.

Not the SFO

The division of labour between Britain's Serious Fraud Office (SFO) and the Fraud Investigation Group (FIG) of the Crown Prosecution Service (CPS) has always been somewhat arbitrary. While the SFO has more draconian powers both to investigate and prosecute, both organisations deal with serious and complex fraud cases. It is therefore hard to argue with the suggestion of an official review body that the less difficult element of FIG's case load should be shunted elsewhere in the Crown Prosecution Service and the heavier stuff handled in a merged organisation, as foreshadowed by the Royal Commission on Criminal Justice.

The review nonetheless flunks an important test in failing to decide whether the merged body should be placed in an enlarged SFO or within the Crown Prosecution Service. This is admittedly a hot potato, since it invites questions about why the government felt impelled to set up a separate high-profile agency in the first place and whether it remains committed to attacking serious fraud. While administrative logic would point to the merged body going into the CPS, such an approach would clash with the CPS's existing policy of remaining independent of the police and not being directly involved in the investigative process.

Part of the advantage of a merger is that the SFO's very effective powers of questioning and evidence gathering under Section Two of the Criminal Justice Act 1987 could be extended over a larger number of serious and complex cases. This would imply either a big increase in investigative resources, or an extension of Section Two powers beyond the SFO's lawyers and accountants to the police. Yet there is bound to be unease about any increase in the area of the criminal justice system in which the right to silence no longer applies – especially since the review body found that the authorisation procedures for the service of Section Two notices were surprisingly informal. A wide debate on the procedures suggested by the review body for the issue of such notices is needed.

That said, the administrative case for a merged organisation to deal with serious and complex fraud is overwhelming on resource allocation grounds and is further strengthened by the recent decline in the SFO's case load. The real question is how to go about it. Practical considerations point to an enlargement of the SFO, since the alternative option of putting the merged body within the CPS would require legislation. The Criminal Justice Act would have to be amended and the Prosecution of Offences Act 1985 might also require adjustment. This would delay implementation of the reform until at least 1996, which would cast doubt on the government's enthusiasm for the task. Given the mixed record of the SFO since its inception, that is a poor political signal to be sending now.

Hard work to be free and single

Richard Lapper examines the opportunities and constraints of a single European market in insurance

Buy a simple 10-year-term life insurance policy in Portugal and you can expect to pay more than three times what you would spend on exactly the same contract in France. The difference demonstrates clearly the case for a single European market in insurance.

From today, such big price discrepancies may begin to fade as a result of new rules freeing up restrictions on cross-border trade in the European market. But the continent's 320m consumers will not see benefits overnight. Experts inside and outside the insurance industry expect change to be slow.

The European Union expects that five of its 12 member states will implement the so-called "framework directives" by today's deadline. All but two countries – Spain and Greece – should have done so by the end of the year. The directives mark the final stage in a programme to liberalise the $470bn (£309.2bn) a year life and general insurance industry, extending changes introduced in the commercial market in 1990.

The directives do two things:

- First, they make genuine "cross-border" trade possible by allowing insurance companies to sell their products anywhere in the EU on the basis of regulations in their home state, the so-called "single licence" or "single passport";
- Second, insurers throughout the EU will be allowed to set their own rates for all classes of insurance policy. They will no longer need to submit policy wordings to local officials for approval, thus effectively dismantling the highly regulated, protectionist regime behind which much of the industry has sheltered.

National regulators will focus their attention on the underlying financial health of companies, following the practice already well established in the UK, the Netherlands and Ireland. "Supervision will be based on the undertaking itself, its solvency, its shareholders, its management – and no longer on its products or its rates," says Mr Francis Loheac, director-general of the Comité Européen des Assurances, the European industry association.

Today's directives are the culmination of legislation started in the 1970s, which gave European companies the right to set up subsidiaries throughout the Common Market. An initiative approved last year, the insurance accounts directive, should make it easier for investors to compare the financial strengths of competing companies.

Although many countries – notably France and Belgium – have liberalised regulations well in advance of today's changes, the rules will have an immediate impact elsewhere in the EU. The changes will lead to what Mr Loheac calls a "veritable revolution" in Italy and Germany, the two countries slowest to adapt to a deregulated environment. For example, the two countries will be required to remove controls on their motor liability insurance rates – the sector where minimum rates still apply.

The overall effect of the changes in regulatory approach will further increase competition, eroding the cartel-like arrangements through which large national companies – such as Allianz of Germany, Union des Assurances de Paris of France and Generali of Italy – have long dominated their local markets.

In more regulated markets such as Germany, companies are being forced to underwrite more selectively, varying premiums in areas such as home and motor insurance according to the risk and the likelihood of a claim. New products such as unit-linked life insurance contracts, which offer consumers potentially greater returns on their investment, are being introduced.

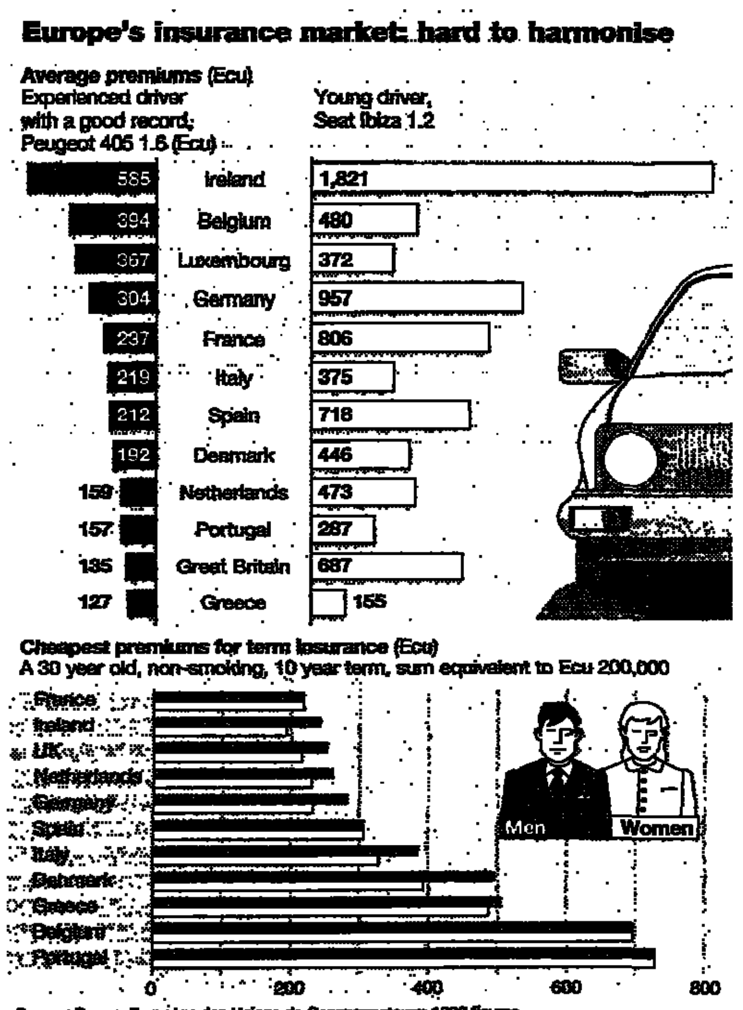
"Our companies are now competitors. Before, it wasn't seen as gentlemanly to be envious of the market share of a rival," says Mr Wautier Robyns de Schneidauer, an adviser to the Belgian Union of Insurers, which introduced new rules in 1991.

Nevertheless, despite the injection of greater competition into the industry, price differentials are likely to stay in place for the immediate future. Mr Jean-Paul Coteur, a legal adviser for Test-Achats, the Belgian consumers' association, says he has had to disappoint dozens of recent callers anxious to benefit from lower prices.

"I have to tell them that it won't be possible to go abroad," he says. "They know they can get it cheaper but it won't be possible. We've had a dozen people a week ringing us over the last six months."

Factors ranging from price, to local tax and legal conditions and consumer buying patterns will conspire to hold up implementation of a true single market.

First, the incidence of claims varies widely across the EU. For instance, motor insurers must take into account varying degrees of road safety and different levels of court awards to accident victims across member states.



Source: Bureau Européen des Unions de Consommateurs; 1992 figures

Second, the level of service offered by insurers can differ. "Belgian consumers expect their brokers to drive to their homes at all hours of the day to settle claims. I don't know whether that makes economic sense or not but that is what people have come to expect," Mr Robyns explains.

Third, despite the common regulatory framework of today's directive, legal disparities remain. Some classes of insurance – kidnap and ransom policies in Italy, for example – are illegal in parts of the EU. There are fears that interpretations by national regulators of the "general good" – a Europe-wide legal principle could restrict the commercial freedom of companies despite the provisions of the single licence. Moves to vary premium rates for certain classes of customer could be seen as discriminatory, for groups such as ethnic minorities.

Fourth, variations in tax regimes will have an impact on life insurance business because sales are often driven by tax advantages. While restrictions to cross-border sales have been lifted by the new directive, a European Court ruling of 1992 keeps others in place. Individual member states can still limit the scope of tax advantages to some life insurers.

Mr Jean-Pierre Fevre, director of financial institutions at the European Commission, says "it will take a long time to deal with the tax differences. We have to reach a compromise between people's freedom to contract services and the rights of tax authorities to collect money."

Fifth, cultural factors will also inhibit cross-border trade. Most continental insurers market home, life and motor insurance through networks of exclusive local agents, who enjoy long-term and loyal relationships with customers. Many people are thus unlikely to switch companies on price alone.

Mr Tony Baker, deputy director-general of the Association of British Insurers, expects inter-EU trade to be restricted to specialised niches, such as sophisticated investment policies for wealthy individuals.

Despite all these constraints the directive opens up long-term opportunities for insurance companies to penetrate each other's national markets. But to do so, they are likely to be forced to set up operations elsewhere rather than to rely on cross-border trade. In particular, control of retail outlets will be essential if products are to be sold successfully. Thus mergers and acquisitions are gathering pace.

EU reports on competition policy show a constant 20 per cent annual growth in the number of insurance company mergers as the pace of takeover activity in the sector picks up. A flurry of recent purchases, which has seen Union des Assurances de Paris, France's biggest insurer, buy Germany's Colonia for about FFr20bn (£2.36bn) and Switzerland's Winterthur buy DBV of Germany for an estimated DM900m, culminated in early June with the announcement by Commercial Union of the UK that it proposed to pay Fr12.5bn. for France's Victoire.

Mergers are not the only strategy, however. Recently, in a bid to enter the German market, companies such as Zurich of Switzerland and Axa of France have started to focus on forming direct telephone sales offshoots, following the success of similar methods developed in the UK by Direct Line and others.

Ultimately, these strategies are likely to spur the development of a single market. But it will not depend for success on customers' response to the cheaper and more attractive products on offer. Rather, the pace of change will depend on the level of corporate activity and the ability and willingness of individual companies to take risks in exploiting a more open environment.

Bruce Clark follows the trail of western diplomats to an Orthodox Christian enclave in Turkey

Hosanna in oasis

An unusual number of black limousines with diplomatic plates have been spotted recently in the winding alleyways of Fener, a rundown stretch of waterfront on the Golden Horn of Istanbul.

Travelling in these august vehicles have been foreign ministers, or top diplomats, from France, Italy, the US and Greece; and the man they visited is Patriarch Bartholomew I, senior spiritual figure among the world's 160m Orthodox Christians.

For a churchman who keeps a low profile, at least in his native Turkey, the 270th Patriarch of Constantinople is receiving an impressive flow of callers.

At the same time, the 53-year-old prelate – a shrewd, genial and erudite figure who speaks six languages – is getting some less desirable sorts of attention.

The windows of his residence, a wooden mansion where the scent of floor-polish and fresh flowers mingles with more pungent odours from the street, are continually broken by stones, apparently cast by local hotheads.

Attacks on him in the Turkish press have increased since the March elections, when an Islamic-leaning party captured the municipality of Istanbul. In May, three small bombs were discovered on his doorstep.

There is a growing threat to the delicate compromise that allows the Patriarchate, a 1,600-year-old legacy of Byzantium, to remain on the soil of mainly Moslem Turkey.

That in turn explains why is he is getting so many high-level visitors: for the importance of the Patriarch, and his right to remain in Istanbul, is increasingly clear to the governments of the world. With the parting of the Iron Curtain, a much older division – between eastern and western Christendom – has recovered its relevance in the affairs of Europe.

The ancient rift between Orthodox Christians (who include most Serbs, Russians, Greeks, Romanians and Bulgarians) and Roman Catholics (who include most Croats, Slovenes and Slovaks) is now an issue in modern geopolitics. It is stoking passion in former Yugoslavia and threatening to divide western and eastern Ukrainians.

So for diplomats as well as theologians, it matters more and more what the Patriarch says; and also where he resides.

His existence as a tiny island of Christianity in a Moslem Turkish sea is precarious; and for that reason, he has a vested interest in advocating ethnic and religious tolerance. Interviewed in his dignified but far from luxurious quarters, he presented the Orthodox view in much more conciliatory language than is generally heard in countries where his flock are the majority.

For diplomats as well as theologians, it matters more and more what the Patriarch says

On the future of Turkey, a country of which he is legally obliged to be a loyal citizen, he is a strong advocate of the liberal, pro-western ideals of Kemal Ataturk, the state's founder.

"There are obstacles to Turkey's full entry into Europe, but they should be overcome. Turkey should become a full member of the European family, where she has so much to offer." He welcomes the fact that some fundamentalists have been purged from Turkey's army and education system; but he is alarmed by the sight of women wearing Islamic dress, and by calls for Islamic law. "The fundamentalists have become better organised, more emboldened ... It will be harder now for anyone to rein them in."

Yet the Patriarch – in contrast with the frank intolerance of many churchmen in Greece and Russia – is an advocate of dialogue with the "great monotheistic traditions" of Islam and Judaism as well as with the other branches of Christianity.

Patriarch Bartholomew is unequivocal in denouncing the anti-Jewish prejudice which informs the public comments of some hardline Russian bishops. "It is to be condemned, because it runs counter to religious freedom."

He acknowledges that links between the Orthodox world and the Vatican have deteriorated, because of jostling for souls in Romania and Ukraine. For three years, the Orthodox side has suspended talks about theological matters until quarrels over believers and buildings can be settled.

Yet he continues to make conciliatory gestures, even at the risk of appearing "soft on Rome" to his flock. This week he sent an envoy to the Vatican who was warmly greeted by the Pope.

As for the Anglican churches, he predicts, with a certain mischievous relish, that they will soon accept the Eastern view on the key theological dispute, concerning the significance of the Holy Spirit, which divided East and West in 1054.

"We say that the truths of the undivided Church are as follows: alpha, beta, gamma, delta ... You have added certain things – where do you get them from?"

But as he speaks, his measured Greek phrases are almost drowned out by another sound, carried across the sweltering air: a muezzin is calling the Moslem faithful to prayer.

OBSERVER

Tripe in the knapsack

■ One day it's random shelling by the Serbs, the next it's goat for supper; who'd be a Bosnia-based British squaddie?

Among the weighty topics pondered by the House of Commons' defence committee's statement on Britain's 1994 defence estimates, paragraphs 42-45 consider the rations of British forces serving in former Yugoslavia.

The British army is apparently under pressure from the United Nations to adopt a (cheaper) UN rationing system. The UN is fed up with paying the Brits "twice the UN per capita rate".

Mind you, they have funny ideas about these matters at the UN. A UN "food week" is either six or seven days; "even-numbered" weeks have six days, "odd-numbered" seven. On six-day weeks the poor old UN campaigner must eat the rations he carries with him – "to turn over stocks".

Leaving that little problem aside, there is the question of the UN's menu. Its idea of a square meal is "faloukorv without garlic", while such delicacies as black pudding, Marmite, steak and kidney pudding, shredded wheat and muesli, are off-limits.

This is a "far from trivial concern" thunders the defence committee, which is counting on ministers to intervene to prevent any deterioration in either quality or quantity of food on British mess tables. So okra-bashing may not replace the spud yet awhile.

They're off!

■ Why did Hong Kong's legislative council cram its deliberations on governor Chris Patten's democracy proposals between the start of Wednesday and the ungodly hours of Thursday morning, when matters wound up at 4.50am?

Patten wanted the session to span two days. To his annoyance – he must be getting annoyed at the frequency with which he is annoyed these days – he was overruled by John Swain, LegCo president.

Swain had an urgent appointment elsewhere. He had to be at Britain's Sandown Park for today's big race – the £80,000 Royal Hong Kong Jockey Club Trophy.

Homeward bound

■ No word yet on Sir Andrew Hugh Smith's plans after he steps down as chairman of the London Stock Exchange in a fortnight. But Martin Hall, head of Hugh Smith's propaganda machine, is already being courted by headhunters. Maybe he will succeed Rosalind Gilmore as chairman of the Building Societies Commission.

A former Treasury boffin, he helped draft the Building Societies Act. One drawback – does the BSC

have a long-term future? And the job is only a Grade-II civil service post – so Hall might have to take a hefty pay cut.

Only dregs

■ Brazilian dexterity is not limited to the soccer field. The Dart family, the polystyrene-cup billionaires holding $1.4bn of old Brazilian bank loans, who refused to join the giant bank debt restructuring in April, has sued the Brazilian central bank. They are seeking $60m of back interest and accelerated payment of the $1.4bn.

The Darts are about to find out that their cup runneth not over. In anticipation of their attitude, the Brazilians ensured the collateral which backs the debt restructuring was not held – as is traditional – with the New York Fed. Instead, it was placed with the Bank for International Settlements in Basle, in the hope of keeping it beyond any court action. Sensible move.

Right Charlie

■ It is rare to see anyone – never mind a future king – agree to being grilled about sexual dalliances on television, the lowest common denominator of contemporary culture. An instance perhaps, as Lord Byron put it in Don Juan, of "Not quite adultery, but adulteration".

After eight

■ A final savoury from Corfu. When European Union leaders were asked to mark their cards in favour of candidates to succeed Jacques Delors as president of the European Commission, the only piece of paper to hand was the dinner menu.

Jean-Luc Dehaene, Belgian premier, came top with eight votes; but *côte de veau* came in second, with Ruud Lubbers third, and a Greek dessert fourth. Sir Leon Brittan managed only fifth with just one vote, from John Major.

Brittan is upset. The Greek presidency's decision to hold a formal vote, rather than simply register disagreement or consensus, meant he was unable to retire gracefully without anyone discovering the level of his support.

There's the rub

■ Guess where the National Union of Mineworkers is holding its annual conference this weekend? No, not Scarborough, Eastbourne or even Jersey.

Arthur Scargill will rally what's left of his union in Blackpool's Miners' Convalescence Home. But the agenda's familiar enough, including a motion for a £90 a week across-the-board pay rise and the threat of strike action if they don't get it. They will also be discussing Angola etc. No wonder the NUM has shrunk from nearly 200,000 members in 1985 to fewer than 10,000. The physiotherapists' union has more members.

Fare play?

■ The break-up of British Rail has given the various operators a field day in passing the buck. Wednesday's rail strike afforded a signwriter at Guildford station this opportunity to confuse:

"Whilst South West Trains are not directly involved in the dispute we regret the problems that this will cause."

It's not our fault guv – but we'd like it to be.

FINANCIAL TIMES
Friday July 1 1994

Italian state broadcasting managers resign

Scalfaro clashes with Berlusconi over media

By Robert Graham in Rome

Italy's president Oscar Luigi Scalfaro has openly challenged the six-week-old government of Mr Silvio Berlusconi over a cabinet decision that forced the resignation yesterday of the senior management of RAI, the state broadcasting corporation.

On Wednesday, the cabinet renewed a decree giving continued financial backing to RAI, but inserted a clause making clear that it wanted a rapid management change.

Mr Scalfaro is refusing to sign the decree, apparently on the formality that the board was properly appointed by the speakers of the two houses of parliament and could stay in office until the end of the year.

After a day of political tension, a compromise was being hammered out that obliged the government to rewrite the decree to enable the president to sign it. The nature of the compromise was still unclear last night.

The resignation of the five-man board was the latest step in a political battle in which the opposition has accused Mr Berlusconi, the prime minister, of trying to impose government control on public broadcasting. Mr Gianni Locatelli, RAI director-general, announced separately that he had also resigned.

The battle between the government and the president caused nervousness in the financial markets. Shares on the Milan bourse fell nearly 2 per cent and the lira came close to the threshold of L1,000 against the D-Mark.

The controversy touches issues well beyond the fate of debt-ridden RAI. It involves the new rightwing government's control over the principal media outlets.

The opposition parties, apparently backed by the president, are concerned that, with Mr Berlusconi's Fininvest controlling 80 per cent of commercial television, there is a risk that the new government may enjoy an information monopoly. Mr Berlusconi has been angered by what he regards as the bias of the three state-run television networks against his government.

Mr Scalfaro is understood to have been pressed by all the opposition parties to refuse his signature on the ground that too much media power was being placed under direct government control.

There are few precedents for a president's declining to sign a cabinet decree. In March 1993 Mr Scalfaro delayed signing a measure to provide amnesty for people involved in the corruption scandals. His delayed signature nearly brought the immediate end of the Amato government and was a significant factor in its eventual collapse.

Constitutional lawyers argued that it would be difficult for the president not to sign. With the board handing in its resignation yesterday, that might mean RAI being taken to a bankruptcy tribunal.

RAI last year lost L522bn ($326m) but since the new management was brought in, costs have been cut.

Japanese PM picks cabinet weighted with conservatives

By William Dawkins in Tokyo

Japan's new socialist prime minister took a step to the right yesterday in selecting a cabinet dominated by conservatives and pledging to work for stable economic growth.

Mr Tomiichi Murayama, elected the first leftwing leader for 47 years on Wednesday night, allotted 13 cabinet posts – including foreign affairs, international trade and industry and defence – to the Liberal Democratic party, his traditional enemy and the largest member of his three-party coalition.

Two seats, including the finance ministry, went to the smallest coalition partner, the New Harbinger party, which is devoted to cutting income tax. Mr Murayama's Social Democratic party took three cabinet posts.

Mr Murayama, on the moderate wing of a deeply divided SDP, promised to continue previous governments' policies of political reform and economic deregulation. That suggests that the recent measures to ease bureaucratic restrictions, the final act of the former government of Mr Tsutomu Hata, will survive intact.

The prime minister also called for international co-operation to stem the rise of the yen, which touched Y98.75 against the dollar in Tokyo yesterday, fuelling fears that resulting damage to Japan's export earnings might choke the early stages of recovery.

Mr Masayoshi Takemura, the finance minister, said he would seek a multi-year income tax cut, to be financed by lower public spending rather than through a rise in sales tax.

The unexpected victory of the three-party alliance, dominated by the older generation of politicians, prompted puzzlement and alarm from the US, Japanese business leaders and Tokyo's influential bureaucrats.

They fear that the new government will restrain Japan's economic liberalisation and be an inexperienced advocate of its foreign interests. The LDP and SDP, in government and opposition for 38 years until last summer, have few policies in common, although they have a history of backroom parliamentary co-operation on some matters.

"I am shocked," said Mr Shoichiro Toyoda, chairman of the Keidanren business federation. Mr Takeshi Nagano, chairman of the Nikkeiren employers' federation, said: "Mr Murayama's capability as prime minister is unknown. But we call for his leadership to overcome this chaotic situation."

However, a US official in Tokyo believed the LDP would be a "tempering influence". China and South Korea warmly welcomed the new government, a reflection of their close links with the SDP.

Japan set for $1.3bn South Africa package, Page 3
Thirteen cabinet posts go to traditional political foes, Page 4

Fed under pressure to raise interest rates

Continued from Page 1

5.75 per cent by year end, creating a large positive differential with Japanese and German rates.

Personal incomes rose 0.6 per cent in both April and May, reflecting fast employment growth. As incomes outstripped consumer spending, the savings rate rebounded in May to 4.7 per cent against an average of 3.5 per cent in the first quarter. The recovery of savings indicates the economy is poised to grow robustly in the second half when exports should benefit from improving demand in Europe and Japan.

Orders rose 0.6 per cent in May, the ninth increase in the past 10 months. The Conference Board's "help-wanted" index also rose sharply in May, a sign of tightening labour markets.

Many analysts believe the Fed will raise rates next week, either at the policy meeting of governors and regional presidents on July 5 and 6 or a few days later, after the publication of crucial data for June employment, car sales and department store sales. Some economists believe the Fed will raise the federal funds rate by a quarter point to 4.5 per cent next week.

OECD calls for tough stance on inflation

By Gillian Tett, Economics Staff, in Paris

The turbulence on the world's financial markets could be eased if monetary authorities in the industrialised world took more action to underline their commitment to low inflation, the Organisation of Economic Co-operation and Development said yesterday.

The call came as the OECD unveiled its latest half-yearly outlook, which revised its forecasts of growth upwards for the first time since 1991, with industrialised economies expected to expand by 2.5 per cent this year and nearly 3 per cent in 1995.

With the recovery now well entrenched in the US and UK, growth in continental Europe will be boosted by rising exports, said the Paris-based OECD, which represents 25 of the world's industrialised nations.

Meanwhile, Japan's economy will begin to grow by the second half of this year, boosted by rising domestic demand.

But the recent bout of market instability and the rise in long-term interest rate expectations could undermine those projections, Mr Kumiharu Shigehara, the OECD's chief economist, warned yesterday.

If the yen strengthens significantly – as it has done in recent days – this is likely to slow the pace of the Japanese recovery by reducing Japan's exports, Mr Shigehara said. And though the dollar's slide against the yen has not yet been repeated against other currencies, a weaker dollar would fuel US inflation.

Meanwhile, the recent rise in long-term interest rates, and the broader market turbulence, suggests that governments should make more effort to emphasise their commitment to low inflation, without overreacting to every market movement, Mr Shigehara said.

"More effective articulation of clear commitments to sound public finances and price stability, and, where necessary, decisive corrective actions ... would contribute importantly to the stabilisation of market expectations."

Although Mr Shigehara declined to point the finger at any particular government, the OECD's outlook suggests that the US may be one country where such clearer commitments would be particularly welcome.

Nevertheless, Mr Shigehara warned against "overreacting" to erratic market swings and stressed that the recent rise in interest rate expectations could not be solely attributed to inflationary pressures but also reflected traders' rising bond yield expectations and growing aversion to risk.

World recovery gathers pace, Page 5
Editorial Comment, Page 19

THE LEX COLUMN

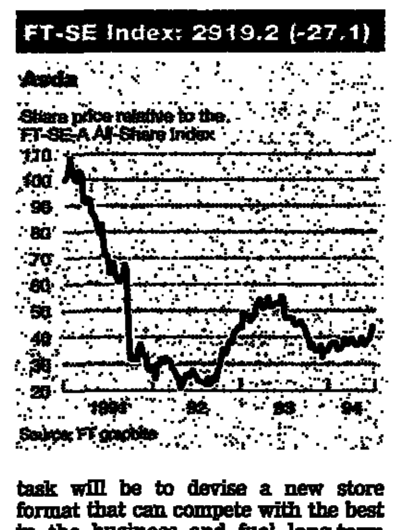
Plaster model

Whether companies can restore profit margins to the levels of the late 1980s is a recurring question for the UK equity market. Yesterday's full-year figures from BPB give reason for optimism. While plasterboard prices are still 25 per cent below the peak – and are unlikely to rise much from here – the company's drive for efficiency has started to show results. Operating margins widened from 7 per cent to almost 12 per cent last year, with more to come as capacity utilisation improves. Another two or three points of margin combined with gently rising turnover would more than justify the current rating of the shares.

In many respects, plasterboard is a special case. Unlike petrochemicals or steel, recession has dramatically thinned the ranks of manufacturers. Competition among the three dominant European companies is hardly cut-throat and selling prices are already well above the trough reached in the early months of 1992. What Pilkington would give for a similar recovery in glass prices. Plasterboard is a growth product thanks to changing construction methods, so the remaining overhang of capacity is less of a worry than in other industries.

BPB has also made an unusually bold move into continental Europe, which now accounts for more than half of turnover. Companies which have all their eggs in Mr Kenneth Clarke's basket may face the future with less confidence. Even allowing for such caveats, though, yesterday's figures serve as a reminder of how geared to recovery many UK industrial companies have become.

FT-SE Index: 2919.2 (-27.1)



Asda

Corporate strategies are often a matter of post facto rationalisation. So it has been with Asda. The company's dedication to improving sales from existing space largely reflects the lack of any alternative. With the weakest of the big grocery brands and severe financial restraints in the past, Asda was forced to stop opening new stores some time ago. So it sought another means of salvation. Fortunately, its emphasis on permanently low prices and increased productivity has anticipated the needs of the 1990s perfectly well.

Asda is therefore at present registering the strongest like-for-like sales increases in the sector. It is, of course, easier to make such gains from a low base. But one should not dismiss the real progress being made. The harder task will be to devise a new store format that can compete with the best in the business and fuel long-term earnings growth. On that score, Asda still has it all to prove.

Asda's impressive trading recovery, though, does not yet translate into a compelling financial case. Those shareholders who backed Asda's cash call 18 months ago will be dismayed that the shares still languish 1p below the rights price. They will also be irritated at Asda's habit of revising the value of its properties. The decision to depreciate ageing stores should have been taken long ago. Clearing the accounting decks twice in two years either reflects a present obsession with cleanliness or – more plausibly – a somewhat careless approach in the past. Asda is not alone.

UK banks

At one level, falls of some 3 to 5 per cent in leading clearing bank shares yesterday were a strange reaction to Abbey National's decision to halve its current account overdraft rate. Since Abbey has only £13m in overdraft business in its balance sheet, its overall lending margin will hardly be affected. That does not seem to warrant a fall of over 3 per cent in its shares. Since it has only around 3 per cent of the market in current accounts, it could double its own business in this area without having much impact on the competition. It would have been different if a large player like National Westminster had slashed its rates. Then its own fall of 5.4 per cent would have seemed a modest reaction.

Still, after cigarettes and newspapers it is clear that the equity market does not like price wars. Banks look vulnerable to the phenomenon. While many complain bitterly about over-capacity, their actual returns in the retail sector are quite high: net return on shareholders' funds at TSB, for example, was an annualised 15.5 per cent in the six months to April. That leaves plenty of room for margins to come under pressure.

The uncertainty is about timing. The example of credit cards shows that established issuers like Barclaycard can hold out against new entrants who undercut them. While overall loan demand remains slack, there is little incentive for big banks to cut their high retail margins on activities that really matter. They simply risk losing profit without adding volume. Paradoxically it is when loan demand picks up that price wars could really start.

Inchcape

Viewed in a positive light, Inchcape's decision not to increase its stake in Gestetner can be seen as a reaffirmation of the company's commendably cautious approach to acquisitions. Rather than make a blind bid for the whole of Gestetner a year ago, Inchcape preferred to proceed on a suck-it-and-see basis by buying a 15 per cent stake, two seats on the board and the chance to peruse the internal accounts. The acquisition of a £3m option gave Inchcape the chance to buy more if it liked what it saw. That it has not is no disgrace.

The more negative interpretation, though, would be to question what Inchcape was up to in the first place. Given Inchcape's long-standing relationship with Ricoh, it was always going to be tricky to deepen its involvement with Gestetner. It is understandable that Ricoh would want to keep its distribution options open. That suggests Inchcape's adventure was was somewhat misconceived from the start.

Inchcape has been left with a fair chunk of capital and management resource tied up in a different business. Inchcape may be able to develop some useful trading relationships with Gestetner in the far east but the linkage must count as a strategic diversion. Still, Inchcape has more pressing issues to worry about. The inexorable rise of the yen against the dollar will be causing greater headaches given Inchcape's reliance on selling Japanese goods abroad.

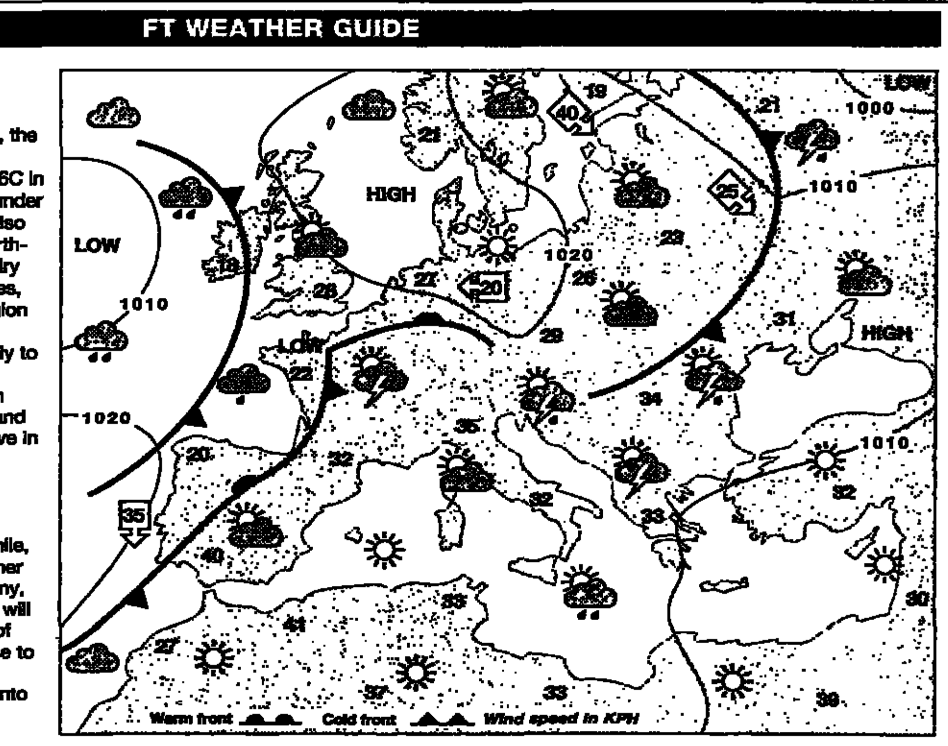
FT WEATHER GUIDE

Europe today

A new warm spell will begin in France, Italy, the Alps, and southern Germany. There will be much sunshine boosting temperatures to 36C in southern and eastern France. Scattered thunder showers will develop in the Alps. There is also the possibility of a thundery outbreak in north-western France. Further north, cooler and dry air will move into Poland, the Baltic countries, and Finland. Most of the Mediterranean region will be sunny, although some cloud and showers will be scattered from southern Italy to Crete and Lybia. A ridge of high pressure centred over the North Sea will cause warm south-easterly winds to prevail in England and Scotland. Temperatures will be 25C or above in England.

Five-day forecast

A south-westerly wind will bring warm air toward France and central Europe. Meanwhile, temperatures will rise to around 35C or higher from Spain to north-eastern France, Germany, and the Alpine countries. The extreme heat will move into central Europe at the beginning of next week. Temperatures in England will rise to around 30C, although scattered thunder showers will develop from western France into England and Scotland.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	40
Accra	shower	30
Algiers	sun	31
Amsterdam	sun	26
Athens	sun	32
Atlanta	fair	34
B. Aires	thund	13
B.ham	sun	26
Bangkok	rain	32
Barcelona	fair	30
Beijing	shower	34
Belfast	fair	21
Belgrade	fair	33
Berlin	sun	27
Bermuda	thund	30
Bogota	fair	19
Bombay	rain	30
Brussels	sun	31
Budapest	sun	32
C.hagen	sun	23
Cairo	sun	37
Cape Town	fair	14
Caracas	fair	27
Cardiff	fair	24
Casablanca	sun	27
Chicago	shower	30
Cologne	sun	32
Dakar	sun	29
Dallas	thund	31
Delhi	shower	34
Dubai	sun	39
Dublin	shower	20
Dubrovnik	sun	32
Edinburgh	fair	20
Faro	fair	30
Frankfurt	sun	33
Geneva	sun	32
Gibraltar	fair	29
Glasgow	fair	23
Hamburg	sun	26
Helsinki	fair	20
Hong Kong	thund	32
Honolulu	fair	31
Istanbul	sun	30
Jakarta	fair	32
Jersey	shower	23
Karachi	fair	34
Kuwait	sun	42
L. Angeles	fair	27
Las Palmas	sun	25
Lima	shower	27
Lisbon	fair	26
London	sun	29
Lux.bourg	sun	32
Lyon	sun	35
Madeira	sun	22
Madrid	sun	38
Majorca	fair	33
Malta	shower	32
Manchester	sun	25
Manila	thund	32
Melbourne	fair	14
Mexico City	fair	20
Miami	thund	32
Milan	sun	34
Montreal	fair	26
Moscow	shower	22
Munich	sun	31
Nairobi	shower	25
Naples	fair	33
Nassau	thund	31
New York	fair	29
Nice	sun	28
Nicosia	sun	34
Oslo	sun	23
Paris	sun	35
Perth	shower	17
Prague	sun	29
Rangoon	thund	30
Reykjavik	fair	14
Rio	thund	25
Rome	fair	32
S. Frsco	fair	21
Seoul	rain	30
Singapore	rain	30
Stockholm	fair	23
Strasbourg	sun	33
Sydney	fair	15
Tangier	sun	28
Tel Aviv	sun	35
Tokyo	cloudy	26
Toronto	fair	25
Vancouver	shower	19
Venice	fair	30
Vienna	thund	30
Warsaw	fair	25
Washington	sun	32
Wellington	fair	12
Winnipeg	sun	24
Zurich	sun	30

هكذا من الأهل

FINANCIAL TIMES
COMPANIES & MARKETS
Friday July 1 1994

IN BRIEF

Consortium buys Ilva special steels

A German-Italian consortium led by Krupp Hoesch, Germany's second-biggest steelmaker, paid almost L600bn ($374.3m) for Acciai Speciali Terni (Ast), the special steels section of the state-run Ilva group. Page 22

Commerzbank advances 30%
Commerzbank's total operating profits climbed by "more than 30 per cent" in the first five months of the year. Page 22

UAL changes buy-out deal
United Airlines, the US carrier that is days away from putting the world's biggest employee buy-out to the vote, announced a last-minute change to the compensation deal for existing shareholders. Page 24

Betting on profits
Gaming is big business in Malaysia, accounting for as much as 4 per cent of gross domestic product. Page 24

Spanish bank recruits from rival
Banco Central Hispano, the Spanish bank suffering from weak profits, has hired Mr Angel Corcostégui, a former top executive at rival Banco Bilbao Vizcaya, as its chief executive. Page 23

Dialling competition in Canada
A seemingly insignificant change in the way Canadians make their long-distance calls, which takes effect today, could prove to be the key which opens the country's entire telephone network to competition. Page 23

S&P to issue new risk rating
Standard & Poor's, the US credit rating agency, is to introduce a new type of rating. Page 26

Asda warns of margin pressure
Mr Archie Norman, chief executive of Asda, warned of continuing pressure on profit margins in UK food retailing, as he unveiled a resilient performance from his own company, with underlying profits up 43 per cent. Page 28

Inchcape cools on Gestetner link
Gestetner shares fell 19p to 144p yesterday after Inchcape, the international services and marketing group, said it would not exercise an option to increase its stake in the UK distributor of office equipment and photographic supplies. Page 28

NatWest expands in US
National Westminster Bank yesterday announced that it would expand its US retail banking subsidiary further by spending $300m in shares and cash to buy Central Jersey Bancorp, a retail bank with assets of $1.8bn. Page 28

RTZ set to sell US gold mines
RTZ, the world's biggest mining group, is believed to be negotiating to sell most of its US gold mines to Royal Oak Mines, the ambitious Vancouver-based company headed by Mrs Margaret "Peggy" Witte. Page 30

Eurocamp reports bigger loss
Eurocamp, the UK tour operator specialising in self-drive camping holidays, reported an increased interim loss. Page 30

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)

Rises			
[illegible]	700	+	14
Falls			
Bayer	344.5	-	10.5
Karstadt	570.5	-	15.5
[illegible]	145	-	7.2
Linde	895	-	17
Varta	307.5	-	8.5

NEW YORK ($)

Rises			
[illegible]	54⅛	+	⅛
CBS	283	+	4
Santa Fe	20⅞	+	⅛
UAL	18⅛	+	1½
Falls			
[illegible]	46⅝		1⅛
[illegible]	65¾	-	2¾

PARIS (FFr)

Rises			
Eridania B	770	+	37
Legris	272	+	11
Falls			
AXA	224.2	-	10.9
Bancaire	491	-	25
Bouygues	550	-	26
Havas	425	-	21

TOKYO (Yen)

Rises			
Anritsu	1560	+	90
Gunze	715	+	20
Iwatsu Elec	725	+	34
[illegible]	660	+	28
NHK Spring	600	+	31
Falls			
Tokyu Land	630	-	13

New York prices at 12.30pm.

LONDON (Pence)

Rises				Argyll	230	-	9
Amstrad	28½	+	1½	Clyde Blowers	217	-	13
Antofagasta	[illegible]	+	15	Euro Disney	123	-	10
BPB Inds	[illegible]	+	13	Eurotunnel Uts	260	-	12
[illegible]	107	+	5	Gestetner	144	-	19
[illegible]	[illegible]	+	3	Hambro C'wide	47	-	4
[illegible]	[illegible]	+	8	Johnson Fry Hld	176	-	28
[illegible]	115	+	10	Lloyds Bank	525	-	14
[illegible]	[illegible]	+	22	NatWest Bank	431½	-	24½
South West Elect	615	+	14	TSB	203	-	7
[illegible]	292	+	15	Telegraph	364	-	15
[illegible]	50	+	2½	[illegible]	530	-	27
Falls							
Abbey National	361		13				

Baby Bells combine cellular arms

By Martin Dickson in New York

Two of America's largest "Baby Bell" local telecommunications groups – Bell Atlantic and Nynex – are combining their cellular wireless interests in a new company.

The new venture, announced yesterday, will compete aggressively with long-distance rivals trying to establish national networks in the fast-growing mobile communications market. The companies said it might have a market value of around $13bn.

Bell Atlantic, which serves the Mid-Atlantic region, and Nynex, which serves New York and New England, are each among the 10 largest cellular telephone companies in the US. The combined group will be in second place, in terms of potential customers, behind McCaw Cellular Communications and ahead of GTE.

It will also give them a combined licence area running down the eastern seaboard of the US from Maine to South Carolina.

The deal, which will require the approval of federal regulators, is the first alliance on such a grand scale by two "Baby Bells" since these companies were spun off from long-distance carrier AT&T in 1984 in an anti-trust court settlement.

It comes as America's two largest long-distance carriers are trying to establish networks linking the nation's fragmented patchwork of cellular telephone licence areas, each of which supports two operators.

AT&T, the largest long-distance group, is waiting for regulatory approval to buy McCaw for $12.6bn, while MCI Communications, in which British Telecom has a 20 per cent stake, has allied with wireless operator Nextel Communications.

Both local and long-distance companies are also preparing to bid for licences to provide a new kind of wireless communication – personal communications services (PCS) – which the Federal Communications Commission is due to auction at the end of this year. The various groups want to incorporate PCS into their national wireless networks.

Mr Lawrence Babbio, who will head the management committee of the Nynex-Bell Atlantic joint venture, said: "We have the foundation for building a national wireless presence by obtaining PCS licences and by bringing like-minded PCS providers into our new alliance."

Bell Atlantic will own 62.35 per cent of joint venture and Nynex 37.65 per cent, but it will be controlled equally by both.

If approved, the deal could pave the way for other cellular alliances between Baby Bells. It could also undermine the argument put forward by some Bell companies that the AT&T takeover of McCaw should not be permitted on competition grounds.

Bosch falls into red with further loss likely

By David Waller in Frankfurt

Robert Bosch, the privately owned German electronic and vehicle parts manufacturer, said it made an operating loss of more than DM100m ($63m) in 1993, falling into the red for the first time since the second world war. The group refused to give further details of the loss, adding only that it ran into "high three figures".

Mr Hermann Scholl, chairman, said yesterday that the decline reflected recession, pressure on prices from the car manufacturers, low capacity utilisation, the strength of the D-Mark and the cost of introducing swingeing rationalisation measures.

There had been an improvement in the general economic climate this year, he said. Turnover rose 6 per cent to DM13.7bn in the first five months of 1994, mainly due to a pick-up in demand outside Germany. He predicted that current year sales would rise by 4 per cent and that growth would be modest in 1995.

Despite the improvement in the economy and extensive rationalisation, Mr Scholl warned that Bosch would make an operating loss again this year. Price pressure would not diminish, and measures to cut costs and improve productivity would have to continue.

The group plans to shed 4,100 jobs this year, following a 13,200 cut in 1993. The total number of employees will be 152,500 by the end of the year.

The cluster of negative factors last year led to a 5.7 per cent drop in sales to DM32.5bn, after DM34.4bn in 1992, the first fall in group turnover since 1967. Despite the operating loss, regarded as the main internal measure of performance, a pre-tax profit of DM510m was made, down 63 per cent from DM1.36bn, while net after-tax earnings fell 17 per cent from DM512m to DM426m.

Bosch said it would be restructuring its communications technology activities. Public communications technology, private communications technology and radio technology are to be brought together into one division from July 1. The division, which generated turnover of DM5.5bn last year, will be divided into 12 product areas while the businesses will pool research and development, marketing and other resources. Mr Scholl said the new structure was designed to strengthen Bosch's position in a growing but intensely competitive market.

Mr Gianni Agnelli, chairman of Fiat, said yesterday that the automotive and industrial group should return to profit this year; and this time next year the board *would also consider paying a div*idend on ordinary shares. Turnover increased more than 10 per cent in the first four months of 1994. Details, Page 22

Martin Dickson analyses a possible merger between a modest cable television shopping channel and a mighty US network

CBS ready to tune in to the Diller sizzle

What Hollywood wits call the "Diller sizzle" may soon be back in US prime-time television after a 2½ year absence.

Mr Barry Diller, the entertainment industry executive behind such hits as "The Simpsons" television cartoon series and the "Indiana Jones" adventure movies, is negotiating a possible merger between QVC Network – the modest cable television shopping channel which he heads – and CBS, one of America's big three national television broadcasting networks. CBS yesterday confirmed it was discussing a merger with QVC.

Mr Diller, 52, could become chief executive of the combined entity, returning to national television broadcasting for the first time since February 1992 when he stepped down as chief executive of Fox Inc, the film and television arm of Mr Rupert Murdoch's News Corporation media empire.

His resignation from Fox shocked the film world because Mr Diller had built the upstart Fox Broadcasting into a fourth *national television network* – defying industry opinion that there was no room for a fresh challenger to the established trio of CBS, NCB and ABC.

Mr Diller explained that he wanted to build a media empire of his own. After finding a quoted vehicle for his ambitions – the far-from-glamorous QVC – he made his first big foray last autumn, an unsuccessful $10bn bid for film and publishing giant Paramount Communications, which merged instead with cable programmer Viacom.

A deal with CBS would go a long way to fulfilling Mr Diller's ambitions and could also bring big benefits to the network.

CBS has ranked first in prime-time television ratings for the past three years, but nevertheless has come under persistent Wall Street criticism for its strategy under Mr Laurence Tisch, the 71-year-old investor who took a controlling stake in the group eight years ago, knowing little about the entertainment industry.

There are two main complaints.

First, Mr Tisch has pursued a strategy unique in the entertainment industry of maintaining CBS as a pure, stand-alone television broadcasting business. He *sold off peripheral assets, includ*ing the magazines division and CBS records.

He also refused to follow NBC and ABC when they acquired interests in cable television, which has whittled down the broadcast networks' share of the national audience from around 90 per cent 20 years ago to just over 60 per cent now.

Mr Tisch is proud of the fact that this policy, combined with a clamp-down on costs and the creation of a stable management team, has allowed the network to vault from third place in the ratings to first, while also giving CBS a cash pool of more than $1bn.

But critics say his "pure-play" strategy exposes an essentially passive frame of mind, leaves the group exposed to a cyclical downturn in broadcasting and gives it too little clout in forging the complex multi-media alliances reshaping the entertainment industry.

This was demonstrated last year when the networks won the right to negotiate payments from cable television service companies for carrying network broadcasts over the cable systems. In lieu of cash, NBC and ABC made deals under which the service companies carry the cable channels which they own. But CBS, lacking cable interests, has got nothing for its transmission rights.

Second, critics say CBS may be losing its programming edge and its hold over affiliated stations, a concern highlighted in May when 12 *television stations owned* by media group New World Communications announced they were changing loyalty from the big three networks to Fox. Eight were defectors from CBS.

The switch was due to a complex set of financial factors, but one catalyst was Mr Murdoch winning an auction to broadcast American football games featuring the National Football Conference for the next four years – beating CBS, which had shown the NFC games for almost 40 years.

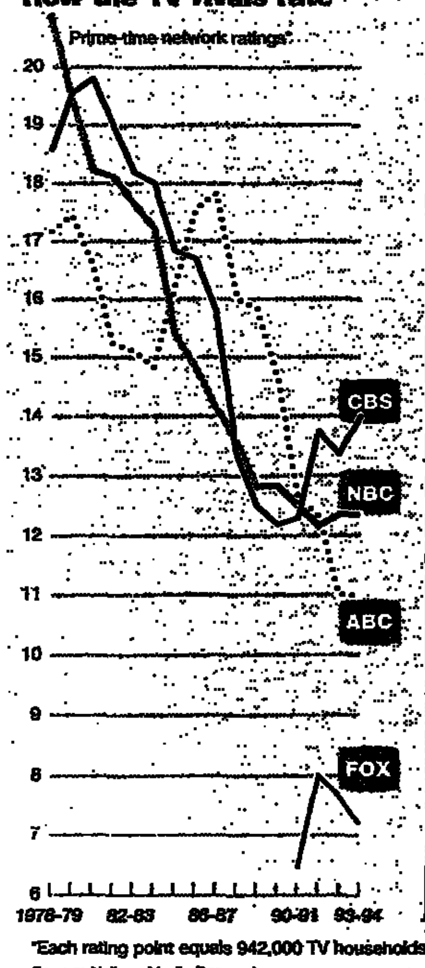
CBS's sports line-up is generally regarded as weak and its nightly news broadcast humdrum, but opinion is divided over the rest of its programming. Many advertisers think the network's prime-time line-up for next autumn is particularly strong.

A deal with QVC could help CBS overcome both of the weaknesses perceived by Wall Street. First, it would bring in the immense creative energy of Mr Diller, who boasts one of Hollywood's most distinguished track records. He made his name at ABC in the early 1970s and between 1974 and 1984 headed the Paramount film studios.

He could help CBS capitalise on changes in US anti-trust regulations which, for the first time in 20 years, will allow the big three networks to own and produce the bulk of their prime-time entertainment programmes.

Second, a deal would thrust CBS into the cable programming industry. QVC runs two home shopping channels which sell products ranging from jewellery to clothing and cookware.

How the TV rivals rate



Laurence Tisch
President, CBS

Barry Diller
Chairman, QVC

*Each rating point equals 942,000 TV households
Source: Nielson Media Research

Home shopping is still in its infancy, but it is predicted that it will show spectacular growth when inter-active technology is eventually introduced, allowing viewers to click on a remote control to place an order, rather than dialling a phone number as now. It is the boundless opportunities of inter-active entertainment which has attracted Mr Diller to the sector and which could be *capitalised on by CBS.*

A link-up with QVC would also give CBS ties to two of the most powerful cable service companies in the US, Tele-Communications Inc (TCI) and Comcast, both of which have significant investments in the shopping channel. It would be an ironic twist of fate for Mr Tisch, proud defender of broadcasting against the inroads of cable.

US rail merger valued at $2.8bn

By Richard Tomkins in New York

Two of the biggest railways in the US, the Burlington Northern and the Santa Fe Pacific, yesterday announced they planned to merge in a deal worth $2.8bn.

If allowed, the merger will create the biggest railway in the US, joining two *complementary* networks spreading from the west coast to the midwest. It will be called the Burlington Northern Santa Fe.

However, the deal faces an investigation by the Interstate Commerce Commission, a federal regulatory body which seven years ago ordered the unbundling of a merger between Santa Fe and Southern Pacific, another railway in the same region, on the grounds that it was anti-competitive.

The proposed deal will take the form of a takeover of Sante Fe Pacific by Burlington Northern, the bigger of the two companies. Santa Fe shareholders will receive 0.27 of a Burlington share for each Santa Fe share they hold, putting a value of $2.8bn on Santa Fe.

Burlington made net profits of $296m on turnover of $4.7bn last year, while Santa Fe made net *profits of $338m on turnover of* $2.7bn.

Although passenger trains in the US are operated by the state-owned Amtrak, all the country's track infrastructure and freight trains are owned and operated by private sector companies.

Recently the freight railways have enjoyed a surge in profitability caused by growth in the US economy, big increases in efficiency and productivity, and a lack of capacity in the road haulage industry resulting from driver shortages.

West of the Mississippi, Burlington and Santa Fe are two of four big railways. The others are Southern and Union Pacific.

Burlington and Santa Fe said the proposed merger was not anti-competitive because their networks were complementary rather than competing, connecting with one another at the ends *of their routes. The combined* railroad would compete mainly with Union Pacific.

The two companies said the merger would result in substantial cost savings though operational improvements, higher traffic densities and reduced administrative costs.

The Interstate Commerce Commission is unlikely to rule on the merger until the end of 1995.

Broker quits Black's group

By Tony Jackson in London

Mr Conrad Black's The Telegraph group received a blow to its prestige yesterday as Cazenove, one of London's most respected stockbrokers, resigned as broker to the company. Though no reason was given, it is understood that the move was related to last month's sale of £73m of Telegraph shares by Mr Black's private company. Last week The Daily Telegraph cut its cover price, causing the shares to fall by more than a third.

It was also announced yesterday that the Office of Fair Trading would make inquiries into the newspaper price war being waged between The Daily Telegraph and The Times, owned by Mr Rupert Murdoch.

A senior Cazenove official said this was the first time Cazenove had voluntarily resigned as stockbroker to a company in recent memory. The Telegraph's shares *fell 15p yesterday to 364p.*

A Telegraph spokeswoman expressed regret at Cazenove's decision. The Telegraph would "not necessarily" have difficulty in placing its *shares* in future, she added. It is to remain with its joint broker, Panmure Gordon, which was not involved in last month's share sale nor in The Telegraph's *initial flotation.*

Cazenove became corporate adviser to The Telegraph in 1985 – when the Canadian newspaper proprietor first acquired his stake – and stockbrokers on its flotation in 1992. While Cazenove declined to comment, institutional investors suggested that the broker, acting in good faith, might have drawn clients' atten*tion to passages in The Tele*graph's latest annual report which seemed to argue against price cuts.

The OFT's announcement was *welcomed last night* by Labour's consumer affairs spokesman, Mr Nigel Griffiths. Urging a referral of the matter to the Monopolies and Mergers Commission, Mr *Griffiths described The Daily* Telegraph's role in the price war as "reactive", and the role played by Mr Murdoch as "predatory".

German-Italian grouping buys Ilva steels division

By Michael Lindemann in Bonn and Robert Graham in Rome

A German-Italian consortium led by Krupp Hoesch, Germany's second biggest steelmaker, yesterday paid almost L600bn ($374.3m) for Acciai Speciali Terni (Ast), the special steels section of the state-run Ilva group.

The German-Italian consortium, 50 per cent of which is owned by the three Italian steelmakers Riva, Agarini and Falck, made a better offer than an earlier bid from a Franco-Italian group which had only weeks ago threatened to contest the bid with a court case.

It remained unclear last night whether the rival group – led by Usinor-Sacilor, the French steelmaker, and including Lucchini, Foroni, Spc and Euroacciai – would press ahead with a complaint to the European Commission.

A spokesman for Krupp Hoesch would not reveal details about the German-Italian consortium, but said that the German company's worldwide distribution network and strong position in the special steel markets left it in an "optimal position to take over Ast".

Special steels have fared much better than other steel products during recent turbulence on world steel markets. New uses in catalytic converters and construction meant the sector was developing better than other areas of the steel business, according to Mr Jürgen Claasen, a spokesman for Krupp Hoesch.

With Ast in its portfolio, Krupp Hoesch's share of the European stainless steel market will rise from 27 to 43 per cent.

Had the French consortium won, Usinor's share would have increased from 18 to 33 per cent.

As part of its continuing restructuring, Krupp Hoesch last week broke its steel division into four separate units in order to be able to adapt more quickly to different markets.

The Krupp Hoesch-led consortium entered a bid for Ast only in mid-May, just at the time when Riva, the private Italian group, gave up its interest in Eko Stahl, the ailing east German steel plant. There has been speculation that Krupp Hoesch persuaded Riva the Ast venture would be more interesting.

The Ast sale is part of a broader restructuring of Italy's state steel interests grouped around Ilva, a process being carried out by Iri, the state holding company. The special steels operations based round Terni are the first to be sold and have been separated from the flat products produced at the loss-making complex in Taranto.

The 50 per cent stake in Ast will become part of a joint venture between Krupp Hoesch and Thyssen, Germany's largest steelmaker, which is due to come into being on October 1. Krupp Hoesch will hold a 60 per cent stake while Thyssen will hold the remainder.

German bank ahead 'by more than 30%'

By David Waller

Commerzbank's total operating profits climbed by "more than 30 per cent" in the first five months of the year, Mr Martin Kohlhaussen, the bank's chairman, said yesterday.

Partial operating profits, which exclude the profits generated from the bank's own-account trading activities, increased by more than 13 per cent, he said.

The comments come only weeks after the bank reported an 11 per cent increase in partial operating profits for January to April this year, serving to emphasise the robustness of the bank's earnings in spite of bad market conditions and poor share price performance, in common with other German bank shares.

Commerzbank's shares, unchanged yesterday at DM324, have dropped nearly 17 per cent since the beginning of the year whilst German bank shares as a whole are down by more than 20 per cent.

Provisions for the year as a whole would be high, Mr Kohlhaussen predicted at a press conference in Luxembourg, but would not necessarily be higher than last year when Commerzbank was the only one of the big German banks to reduce total provisions.

The total operating profits are calculated after taking account of provisions for bad and doubtful debts.

Mr Kohlhaussen said the result to date included a "good three-digit" contribution from own-account trading – that is, more than DM100m.

Interest income rose by 7.6 per cent in the five months while fee income rose by 5.6 per cent.

The preliminary figures did not as yet include any extraordinary profit from from the sale of a stake in the Karstadt retailer or the DBV insurance group, the chairman indicated.

For last year as a whole total operating profits rose by nearly a quarter to DM1.33bn ($810m).

Consortium may place bid for NCP

By Norma Cohen, Simon Davies and Paul Taylor in London

A consortium of venture capital investors, led by UK insurance group Prudential, is understood to be behind one firm bid for National Parking Corporation, the UK group which owns National Car Parks and the fast-growing National Breakdown Recovery service.

It is believed that the consortium also includes Electra, the unquoted companies investment trust, CinVen, the venture capital arm of British Coal's in-house funds manager, and Morgan Grenfell Development Capital, the venture capital arm of NPC's financial adviser, Morgan Grenfell.

The shares rose to 575p yesterday in over-the-counter trading, valuing the private company at £675m, as investors reacted to news of a bid approach.

BPB ahead at £107m as price war ends

By Andrew Taylor, Construction Correspondent

Pre-tax profits at BPB Industries, Europe's biggest plasterboard manufacturer, rose 87 per cent to £107.7m ($70.3m) during the year to March as the company continued to recover following the end of a "destructive price war".

The profits increase announced yesterday was higher than expected and BPB's shares rose 4½ per cent to 302p. The price war, which finished in 1992, was waged between the UK group, which controls about 50 per cent of the west European market, and Lafarge Coppée of France and Knauf of Germany, which split the remainder roughly equally.

BPB said the price of plasterboard in Germany, France and the UK had risen by about a quarter since March 1992 but was still about 25 per cent lower than in 1990.

Mr Alan Turner, chairman, said that prices might rise a further 2 or 3 per cent this year, but future growth was more likely to be generated by increased sales rather than price increases.

He said the three manufacturers had finally seen common sense and ended a price war estimated to have cost the industry £200m in lost revenue since 1989.

Prospects now looked bright with European construction activity forecast to recover over the next two years.

BPB's rise in pre-tax profits was achieved in spite of a £3.9m increase in redundancy and reorganisation costs to £15.2m. Earnings per share rose by 85 per cent to 15p, compared with 8.1p.

Turnover increased 2.3 per cent from £1.12bn to £1.15bn. A 10 per cent rise in the final dividend to 5.3p (4.8p) made a total of 8.1p for the year.

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Automotive and industrial group says turnover rose 10% in first four months

Fiat confident of return to profits

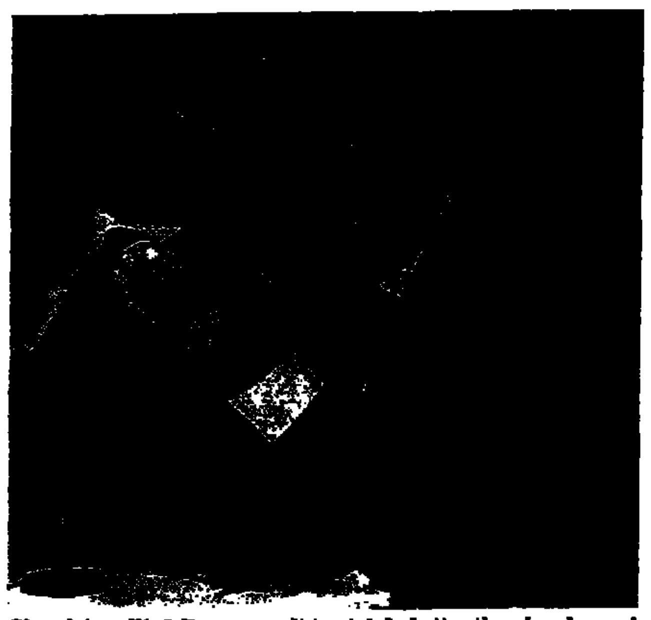
By Andrew Hill in Turin

Fiat, the Italian automotive and industrial group, should return to profit this year, Mr Gianni Agnelli, chairman, said yesterday.

Fiat recorded the largest loss in its history last year – L1,783bn ($1.11bn) after tax and minority interests – but Mr Agnelli told shareholders at yesterday's annual meeting that the company's full-year result would "certainly be better than break-even".

At a press conference after the meeting, the chairman indicated that, unless market conditions deteriorated, the board would also consider paying a dividend on ordinary shares this time next year. This year Fiat did not propose an ordinary share dividend, for the first time since 1947.

In the first four months of 1994, Mr Agnelli said Fiat had increased turnover by L1,865bn to L19,819bn – up more than 10 per cent on the same period in 1993. Operating profit for the period was about 1 per cent of sales, after L700bn of research and development expenditure, compared with an operating loss in the first four months of last year.



Gianni Agnelli: full-year result 'certainly better than break-even'

For the full year, Mr Agnelli said Fiat was expecting an increase in consolidated sales to more than L62,000bn, from L54,556bn in 1993, and an improvement in net borrowings, which stood at L5,247bn at the end of 1993. Mr Cesare Romiti, group chief executive, said net debt was L3,700bn at the end of May.

Mr Agnelli blamed the effects of the international recession, and in particular the difficult situation in the European automotive sector, for the poor results last year. "To some extent this had been expected, but no source had predicted the scale of the disaster until well into the year," he told shareholders. "It can only be matched by the collapse in demand after the first oil shock 20 years ago."

He said the overall European car market had begun to recover in 1994, recording a 5 per cent increase in sales during the first five months. But in Italy, car sales declined by 4 per cent against the equivalent period last year, adding to the 20 per cent drop in 1993.

Mr Agnelli pointed out that in France, Spain and Denmark – where the governments have taken measures to improve demand – car sales had increased substantially in the first five months of 1994. However, Mr Agnelli denied that Fiat had lobbied the new Italian government for incentives.

The group said yesterday that by the end of May it had received 420,000 orders for the Punto, its new small car, and delivered 225,000 vehicles.

Separately, Mr Agnelli said negotiations between Fiat and Renault of France, about pooling their foundry resources around the world, had ended.

Restructuring pays off as IRI sees sharp reduction in losses

By Robert Graham in Rome

IRI, the Italian state holding company, yesterday forecast a large reduction in losses during 1994, to L1,360bn ($864m) from more than L10,230bn.

The improved performance was predicted by Mr Romano Prodi, the outgoing chairman who resigned a month ago.

It reflects the broad restructuring led by Mr Prodi during the past year, and includes revenue from privatisation.

The main losses, totalling L4,668bn, were blamed on restructuring at the Ilva steel group and at Iritecna, the civil engineering and construction subsidiary.

The IRI annual meeting also confirmed the holding's total debt had reached L79,783bn, equivalent to almost 5 per cent of Italy's GDP.

The much-expected announcement of a replacement for Mr Prodi failed to materialise yesterday, indicating continuing problems within the Berlusconi government on the nomination.

A compromise being discussed is that Mr Enrico Micheле, the current managing director, take over in the role of chief executive.

● Ferruzzi Finanziaria, the Italian food and chemicals group, said operating profits in the first five months of 1994 were 46.5 per cent higher than during the same period last year, AP-DJ reports from Rome.

The company said at its annual shareholders meeting that gross operating margins were 6.8 per cent in the first five months of 1994, compared to margins of 5 per cent last time.

It said it expected to cut its debt to L11,000bn by the end of 1994, compared with L21,950bn in 1993. The reduction will come from restructuring of the debts, capital increases and sales of assets.

Ferruzzi also said gross operating profits for the first two months of 1994 were L447bn, up 26 per cent from the year-ago period.

The restructuring plan has provided total estimated benefits of L800bn so far, of which L285bn accrues to Montedison, the chemicals group, according to the company.

Danisco lifts payout after 25% advance

By Hilary Barnes in Copenhagen

Danisco, the Danish food, beverages, and packaging conglomerate, has proposed an increase in the dividend, to DKr14 from DKr12 per share, after a 25 per cent rise in net financial items, to DKr1.03bn ($166m) from DKr826m.

Sales in the year to the end of March were down slightly to DKr12.84bn from DKr13.02bn, reflecting the disposal of manufacturing company Niro Atomizer.

Sales by other units rose 16 per cent. Two-thirds of the increase came from Swedish sugar producer Sockerbolaget, which only featured in the accounts for part of the previous year. Net profits were DKr830m against DKr809m.

INTERNATIONAL COMPANIES AND FINANCE

BCH recruits chief from rival Spanish bank

By Tom Burns in Madrid

Banco Central Hispano, the Spanish bank suffering from weak profits, has hired Mr Angel Corcostégui, a former top executive at rival Banco Bilbao Vizcaya (BBV), as its chief executive.

Mr Corcostégui was a BBV board member and the managing director of its capital markets and international banking division. His move represents an unprecedented upheaval in the top echelons of Spanish banking.

Banco Central said the move had the consent of BBV and was in a "spirit of collaboration" between the two institutions.

Earlier this year chairman Mr José Maria Amusátegui pruned the Banco Central board from 39 to 28 members and disclosed that he was seeking a new chief executive.

The decision to bring in an outsider has avoided a choice between senior executives of Banco Central and Banco Hispanoamericano, *the two institutions which merged in 1991 to create Banco Central Hispano.*

Analysts in Madrid said that Mr Corcostégui had recently been under pressure at BBV because the large government debt positions built up this year could have a potentially negative implication for the bank's results.

As Banco Central chief executive, Mr Corcostégui faces the challenge of increasing earnings from the bank's extensive retail network and of overseeing a strategy to pare its industrial portfolio.

First-quarter results were disappointing, with an 11.8 per cent fall in attributable net profit. Banco Central expects to post flat profits this year.

In recent months Banco Central's image has been severely dented by international rating agencies, which have lowered their ratings on its short-term commercial paper and long-term debt.

Credit agencies have cited concern over the bank's asset *quality and weak core profits.*

Second Chinese group plans to list on ASX

By Nikki Tait in Sydney

A second Chinese company is to list on the Australian Stock Exchange next month, furthering the exchange's plan to have an "Asian board" operating in about a year.

The new company is Canada Land, a Hong Kong-incorporated group which is developing property in Guangzhou. It plans to issue 25m shares at A$0.35 each, and says that money raised will provide additional working capital.

It has four development projects – comprising a mixture of residential and office properties – under way in the southern Chinese city. Completion dates range from 1994 to *2000 for the final phases of the* FangCun Metro Station West.

Most of the projects are being developed by joint venture companies involving the Chinese government.

Canada dials up long-distance network war

Deregulation is shaking up the telecoms market and squeezing local services, writes **Bernard Simon**

A seemingly insignificant change in the way Canadians make their long-distance calls, which takes effect today, could prove to be the key which opens the country's entire telephone network to competition.

Since regulators cleared the way in 1992 for competition in the long-distance market, any telephone user seeking an alternative to Stentor, the firmly-entrenched consortium of local phone companies, has had to dial an access code of up to 17 digits.

Stentor's fledgling rivals have blamed this finger-numbing exercise for the consortium's continued domination of the long-distance market, where it still enjoys a 92 per cent share.

From today, however, the local companies must give their competitors equal access to the long-distance network. Whichever service subscribers choose to use, they will simply dial the prefix "1" for a long-distance call.

The change has been accompanied by a blizzard of advertising and a bewildering variety of cut-price offers, reflecting the newcomers' view *that equal access is their* opportunity for a breakthrough.

Today's changes mean that "at least at the consumer level, the playing field gets somewhere near to being level", says Mr George Harvey, chief executive of Unitel, the biggest of Stentor's new rivals, which is 20 per cent-owned by the AT&T of the US. Unitel predicts its share of the long-distance voice market will climb over the next two to three years, from between 4 and 5 per cent to 15 per cent.

Bell Canada, the biggest Stentor partner, which provides local services in Ontario and Quebec, acknowledges it could lose at least 20 per cent of its market share by the end of this year.

However, many of the new arrivals are not expected to survive a ferocious price war. There have already been some acquisitions and mergers among the dozens of resellers which lease lines in bulk from the telephone companies and then offer cut-rate services to subscribers.

Stentor and its members have responded far more vigorously to the threat of competition than AT&T did when its hammerlock in the US was broken a decade ago.

Bell Canada has not only cut its basic long-distance rates by 30 per cent since 1987, but also offers a host of special deals to frequent users. *Business customers* can get discounts of up to 60 per cent. The phone companies also have the advantage of being able to track every subscriber's calling patterns.

The long-distance price war is bound to have ripple effects in the local market. Stentor's members have traditionally used the rich pickings from their long-distance monopoly to subsidise local services.

A Toronto household pays a basic telephone service fee of only C$16.57 a month. All local calls are free. The Canadian Radio-television and Telecommunications Commission (CRTC), which regulates telephone services, rejected an application by Bell Canada last *year to raise basic-service* rates.

Long-distance services generated C$6.4bn (US$4.6bn) in revenues last year. Bell estimates that 15 cents a minute of its revenues, or a total of C$1.7bn in 1993, is channelled into local services. The cross-subsidy in the US is only about 3 cents.

Dialling "1" for long-distance options: most consumers are set to gain from deregulation

The telecoms have so far managed to boost local revenues by selling a plethora of high-margin optional features, ranging from phones which display the origin of an incoming call, to beeps which alert a caller to another call on the line.

This business is unlikely, however, to compensate for the *diminishing cross-subsidy from* long-distance services.

"There is a pressing need to move towards local rates which more closely reflect their underlying costs," says Mr Richard French, Bell's vice-president for corporate development. "The long-distance market can no longer sustain the levels of contribution required to support basic service."

This argument is reinforced by growing competition from wireless phone services, as well as the impending entry of cable-TV companies into the local phone business.

It is the cable operators who have the potential to threaten the telephone companies. *Cable service is already available* to 95 per cent of Canadian homes, the highest penetration in the world. Holding prices for local services far below cost is a disincentive for cable companies to enter the local market.

Bell will introduce an important local-service reform in 1996 by shifting business subscribers from a flat rate to volume-based pricing. It maintains that four-fifths of its customers will see either no change or a reduction in their phone bills. For the remaining 20 per cent of high-volume users, however, charges will rise.

Stentor's long-distance rivals will not escape the debate on local-service pricing. They currently pay a fee, set by the CRTC, for connections from the local networks.

The phone companies earlier this year asked the CRTC to allow them to "unbundle" the components required for equal access, with a separate charge applied to each one.

The aim is clearly to make competitors pay more for the use of their facilities. Unitel, however, questions Stentor's cost-allocation methods, and is equally hopeful the CRTC will sanction a reduction in fees.

The commission is expected to rule on the request this autumn, shortly after it releases a separate report on the regulatory framework for the telecommunications industry. *Whatever the CRTC's conclusions,* nobody doubts today's change in long-distance dialling is merely part of a much wider shake-up in Canada's entire telephone system over the next few years.

South Australia launches A$3.1bn claim against KPMG

By Bruce Jacques in Sydney

The South Australian government has launched a claim seeking almost *A$3.1bn (US$2.3bn) from accountants* KPMG Peat Marwick. The claim relates to the financial troubles of the State Bank of South Australia in 1991.

KPMG Peat Marwick acted as auditor of the bank in 1991, before the South Australian government was forced to mount a rescue operation ultimately costing more than A$3.15bn.

The claim, one of the largest of its type in Australia, was lodged yesterday in the Supreme Court of South Australia. It follows a A$1.1bn claim against KPMG Peat Marwick earlier this year from the Victorian government over the collapse of the Tricontinental finance group in 1990. That action was settled out of court for A$136m.

● *CRA, the mining company*, yesterday issued a court action claiming that an offshoot of mining rival, Renison Goldfields Consolidated, infringed a patent held by CRA subsidiary, Wimmera Industrial Minerals.

● North Broken Hill has announced a deal potentially worth around A$80m to assume control of the Yakabindie nickel project in Western Australia. *The project*, with an estimated development cost of A$420m, represents an important diversification into nickel by the group.

● CSR, the building products and sugar group, says it has been dismissed from a number of asbestos-related liability suits in Louisiana. This follows acceptance by the plaintiffs' lawyers that there was no evidence that products containing asbestos supplied by CSR were sold to the shipyard where the plaintiffs worked.

CSR remains a defendant in a number of other asbestos-related cases in the US, notably *in Mississippi.*

End of Month S.G.Warburg Warrant Valuations

as at 30th June, 1994

	TYPE	CURRENCY	SPOT	STRIKE	PRICE	EXPIRY
Single Stocks						
BHP	Call	AUD	17.97	19.50	1.25	29th Jun 95
Berner	Call	CHF	1185	1250	16.55	20th Jun 96
Danzas	Call	CHF	1633	1600	40.25	2nd Aug 96
China Light & Power	Call	HKD	39.50	41.00	1.00	2nd Jan 96
Dao Heng Bank	Call	HKD	22.10	32.00	0.375	25th Jan 96
Hong Kong Electric	Call	HKD	23.30	29.20	0.435	6th Feb 96
Hong Kong Telecom	Call	HKD	14.60	15.60	0.36	24th Nov 95
Hutchison Whampoa	Call	HKD	31.80	36.00	0.775	21st Dec 95
Hysan Development	Call	HKD	20.80	17.00	5.80	6th Sep 95
Sun Hung Kai Properties	Call	HKD	44.50	50.00	1.16	2nd Jan 96
Metallgesellschaft	Call	DM	201	250	6.02	31st Oct 95
Philips Electronics	Call	NLG	51.50	54.18	6.47	8th Sep 95
Saipem	Capped Call	ITL	4008	4246	456	30th Mar 95
Sip	Call	ITL	3953	3832	880.50	14th Jan 96
Stet	Call	ITL	4878	4725	964.50	14th Sep 95
Baskets						
European Airlines 1	Call	£	431	320	12.10	3rd Feb 95
European Airlines 2	Call	£	431	468.91	6.46	9th Mar 96
European Multi-Media 1	Call	£	2032	2028.57	1.95	28th Sep 95
European Multi-Media 2	Call	£	2032	2475	0.98	28th Sep 95
European Steels	Call	DM	3640	2550	114.50	12th Jan 95
UK Banks	Call	£	91	114.75	0.195	1st Jun 95
UK Food Retailers	Call	£	99.23	106.25	1.135	9th Nov 95
UK Pharmaceuticals 1	Call	£	89	98.05	0.295	26th Jan 95
UK Pharmaceuticals 2	Call	£	89	87.50	1.195	20th Nov 95
UK Support Services	Call	£	79.20	107.50	0.135	2nd Aug 95
UK Water Companies	Call	£	83	104.75	0.115	5th May 95
Italian Industrials 1	Call	ITL	20889	19665	483	31st Aug 95
Italian Industrials 2	Call	ITL	20889	24549	171.50	31st Aug 95
Italian Recommendation	Call	ITL	376875	489229	431	13th Oct 95
Swedish Capital Goods	Call	SEK	101550	112054	14.20	20th Oct 95
Asian Oil Sector	Call	USD	0.99	1.00	0.225	23rd Jun 96
Indo-China	Call	USD	0.91	1.00	0.11	8th Dec 95
Taipei Property	Call	NTD	998	800	431.50	2nd Jun 96
Taiwanese Blue Chip	Call	NTD	1128	1000	260.50	30th Mar 95
Indices						
FTSE Mid-250 Index	Call	£	3414	2900	5.66	17th Mar 95
FTSE Mid-250 Index	Call	£	3414	3470	1.87	17th Mar 95
FTSE Mid-250 Index	Call	£	3414	3670	1.08	17th Mar 95
FTSE Mid-250 Index	Call	£	3414	3900	0.53	17th Mar 95
FTSE Mid-250 Index	Call	£	3414	3945	1.48	17th Jan 96
FTSE Mid-250 Index	Put	£	3414	2900	0.05	17th Mar 95
FTSE Mid-250 Index	Put	£	3414	3470	2.85	17th Mar 95
FTSE Mid-250 Index	Put	£	3414	3270	1.88	17th Mar 95
FTSE Mid-250 Index	Put	£	3414	3900	5.67	17th Mar 95
South Africa						
JSE Overall Index	Call	Rand	5518	$1166	15.74	15th Mar 95
JSE Overall Index	Call	Rand	5518	$1345	9.98	15th Mar 95
JSE Overall Index	Put	Rand	5518	$1166	19.23	15th Mar 95
JSE Industrial Index	Call	Rand	6123	$1364	20.72	15th Mar 95
JSE Industrial Index	Call	Rand	6123	$1569	14.24	15th Mar 95
JSE Industrial Index	Put	Rand	6123	$1364	24.62	15th Mar 95
Relative Performance						
Volvo/OMX	Call	SEK	+32.20%	-10%	433.60	23rd Feb 95
Volvo/OMX	Call	SEK	+32.20%	+/-0%	354.80	23rd Feb 95
Volvo/OMX	Call	SEK	+32.20%	+10%	283.90	23rd Feb 95

S.G.WARBURG

S.G.WARBURG GLOBAL EQUITY DERIVATIVES

FOR INFORMATION CONTACT JUSTIN CHITTENDEN ON 071-860 0517 REUTERS PAGE: WARA

NOTICE TO HOLDERS OF

Sumitomo Cement Co., Ltd.

("Sumitomo Cement")

U.S.$150,000,000 5 per cent. Bonds 1994
and the Warrants to subscribe for
shares of common stock of Sumitomo Cement
issued in conjunction therewith

and

U.S.$150,000,000 3 per cent. Bonds 1996
and the Warrants to subscribe for
shares of common stock of Sumitomo Cement
issued in conjunction therewith

and

U.S.$200,000,000 1³/₈ per cent. Bonds 1997
and the Warrants to subscribe for
shares of common stock of Sumitomo Cement
issued in conjunction therewith

and

Osaka Cement Co., Ltd.

("Osaka Cement")

U.S.$100,000,000 4¹/₂ per cent. Guaranteed Bonds 1995
and the Warrants to subscribe for
shares of common stock of Osaka Cement
issued in conjunction therewith
(together, the "Bonds" and the "Warrants" respectively)

Reference is made to the Notice Concerning Merger dated 14th June, 1994, published by Sumitomo Cement, a Japanese corporation, and the Notice Concerning Merger dated 14th June, 1994, published by Osaka Cement, also a Japanese corporation, which informed the holders of the Bearer Warrants listed therein of the merger of Sumitomo Cement with Osaka Cement. Notice is hereby given to the holders of the Bonds and the Warrants as follows: (a) the merger agreement (the "Merger Agreement") dated 31st May, 1994 between Sumitomo Cement and Osaka Cement was approved by shareholders of Sumitomo Cement and of Osaka Cement on 29th June, 1994; (b) under the Merger Agreement, Sumitomo Cement will succeed to all assets, liabilities, rights and obligations of Osaka Cement (including all the obligations of Osaka Cement under the Bonds and the Warrants issued by Osaka Cement) on 1st October, 1994, subject to the commercial registration of the merger being made with the appropriate Legal Affairs Bureau under the Commercial Code of Japan (which registration is expected to be made on 21st December, 1994), whereupon Osaka Cement will merge with Sumitomo Cement and be dissolved; (c) effective as of 1st October, 1994 the corporate name of Sumitomo Cement will be changed to Sumitomo Osaka Cement Co., Ltd. ("Sumitomo Osaka Cement"), but there will be no stamping or exchange of the Bonds or Warrants and the Bonds and Warrants will continue to be listed on the Luxembourg Stock Exchange under their respective descriptions followed by the name of Sumitomo Osaka Cement; (d) as a result of this merger the listings of shares of common stock of Osaka Cement ("Osaka Cement Shares") on the Tokyo Stock Exchange, the Osaka Securities Exchange and other stock exchanges on which Osaka Cement Shares are listed will be discontinued on 24th September, 1994 (as 23rd September, 1994 is a national holiday in Japan, the last trading day of Osaka Cement Shares on such exchanges will be 22nd September 1994); (e) the holders for the time being of the Warrants issued by Osaka Cement ("Osaka Cement Warrantholders") will be entitled from 1st October, 1994 to subscribe, upon exercise, for shares of common stock of Sumitomo Osaka Cement ("Sumitomo Osaka Cement Shares") at the adjusted subscription price equal to ¥674.70, although such new shares will not be issued until the commercial registration mentioned above has taken place, and the subscription rights to be granted to the Osaka Cement Warrantholders upon exercise thereof will be listed on the Japanese stock exchange on which Sumitomo Osaka Cement Shares are listed and may be traded on these stock exchanges similarly to the outstanding Sumitomo Osaka Cement Shares; (f) a supplemental trust deed to be dated 30th September, 1994 (the "Supplemental Trust Deed") will be executed by Sumitomo Cement, Osaka Cement, The Industrial Bank of Japan, Limited as Guarantor and IBJ Schroder Bank & Trust Company as Trustee, in which, *inter alia*, the parties will confirm that all the rights and obligations of Osaka Cement under the Bonds issued by Osaka Cement, the Coupons appertaining thereto and the Trust Deed dated 1st August, 1991 constituting such Bonds will be succeeded to and assumed by Sumitomo Osaka Cement on 1st October, 1994, subject to the commercial registration mentioned above, and The Industrial Bank of Japan, Limited will agree upon and confirm the continuance of its guarantee of such Bonds and Coupons; (g) a supplemental instrument to be dated 30th September, 1994 (the "Supplemental Instrument") will be executed by Sumitomo Cement and Osaka Cement by way of deed poll in respect of the Warrants issued by Osaka Cement, under which, effective as from 1st October, 1994, but subject to the commercial registration mentioned above, Osaka Cement Warrantholders will be entitled to subscribe for Sumitomo Osaka Cement Shares as described in (e) above and Sumitomo Osaka Cement will be substituted for Osaka Cement in all other respects under such Warrants and the instrument dated 1st August, 1991 relating to such Warrants; (h) a supplemental paying and warrant agency agreement to be dated 30th September, 1994 (the "Supplemental Paying and Warrant Agency Agreement") will be executed by, *inter alios*, Sumitomo Cement, Osaka Cement and The Sanwa Bank, Limited as Principal Paying Agent, under which, *inter alia*, Sumitomo Osaka Cement will be substituted for Osaka Cement in all respects under the Paying and Warrant Agency Agreement dated 1st August, 1991 in respect of the Bonds and the Warrants issued by Osaka Cement and (i) copies of the Supplemental Trust Deed, the Supplemental Instrument and the Supplemental Paying and Warrant Agency Agreement will be available for inspection at the office of The Industrial Bank of Japan (Luxembourg) S.A. from 1st October, 1994.

Dated: 1st July, 1994

Sumitomo Cement Co., Ltd.
By: The Sumitomo Bank, Limited
as Principal Paying Agent

Osaka Cement Co., Ltd.
By: The Sanwa Bank, Limited
as Principal Paying Agent

Johannesburg Consolidated Investment Company, Limited

(Incorporated in the Republic of South Africa)
Registration Number 01/00429/06

Gold mining companies' dividends

The following final dividends have been declared in respect of the financial year ending 30 June 1994:

Companies (Incorporated in the Republic of South Africa)	Dividend number	Cents per share
The Randfontein Estates Gold Mining Company, Witwatersrand, Limited Registration No. 01/00251/06	118	180
Western Areas Gold Mining Company Limited Registration No. 59/03209/06	45	200

Last date for registration		15 July 1994
Registers close (dates inclusive)	from	16 July 1994
	to	22 July 1994
Currency conversion date (for payments from London)		25 July 1994
Date of payment		5 August 1994

These dividends are payable subject to the customary conditions which may be inspected at or obtained from the companies' Johannesburg office or from the London Secretaries, Johannesburg Consolidated Investment Company (London), Limited, 6 St James's Place, London SW1A 1NP.

Holders of share warrants to bearer issued by The Randfontein Estates Gold Mining Company, Witwatersrand, Limited are informed that payment of the above dividend will be made on or after 5 August 1994 upon surrender of coupon no. 121 to Barclays Bank Plc, Stock Exchange Services Department, 168 Fenchurch Street, London EC3P 3HP.

Coupons must be listed on forms obtainable from Barclays Bank Plc and deposited for examination on any week-day (Saturday excepted) at least seven clear days before payment is required.

By order of the Boards
Johannesburg Consolidated Investment Company, Limited
Secretaries
per: S Thorpe

Head Office and Registered Office:
Consolidated Building
Fox and Harrison Streets
Johannesburg 2001
PO Box 590, Johannesburg 2000

1 July 1994

Britannia Building Society

(Incorporated in England under the Building Societies Act 1986)

up to £25,000,000

Subordinated Floating Rate Notes Due 2006

For the six month Interest Period 29th June, 1994 to 29th December, 1994, the Notes will carry an interest rate of 6.675 per cent. per annum, with a Coupon Amount of £1,673.32 per £50,000 Note and £16,733.22 per £500,000, payable on 29th December, 1994.

Listed on the London Stock Exchange.

Bankers Trust Company, London Agent Bank

Nafin Finance Trust II

U.S.$129,880,000

Floating Rate Notes due 1999

For the Interest Period 30th June, 1994 to 30th September, 1994 the Notes will carry a Rate of Interest of 7.23125% per annum. The Coupon Amount per original U.S. $10,000 Note will be U.S. $134.10 payable on 30th September, 1994.

Bankers Trust Company, London Agent Bank

Republic of Venezuela

U.S. $262,720,000

Floating Rate Notes Due 1995

In accordance with the terms and conditions of the Notes, notice is hereby given, that the interest rate for the Interest Period from 30th June, 1994 to 30th December, 1994 is 6⅞% p.a. The Coupon Amount payable on the 30th December, 1994 for notes with original principal amounts of U.S. $10,000 and U.S. $100,000 is U.S. $138.83 and U.S. $1,388.80 respectively.

Bankers Trust Company, London — Agent Bank

Notice

MACQUARIE BANK LIMITED
USD 125,000,000
MULTIPLE OPTION FACILITY AGREEMENT
DATED DECEMBER 11, 1991

In accordance with the provisions of the Transferable Loan Certificate issued on December 31, 1992, notice is hereby given that for the six months interest period from June 30, 1994 to December 30, 1994, the Certificate will carry an Interest Rate of 5.60% per annum.

Barclays Bank PLC, Hong Kong
As Facility Agent

INTERMED N.V.
(Knokke-Heist)

announced dividend for 1993 of BEF 2.500 net payable by PARIBAS BANK Antwerp against coupon number 7

Anglovaal paper brings SA back to market

By Kenneth Gooding, Mining Correspondent

The first international equity offering for a South African company since the recent elections – $68m of N shares for Anglovaal – was three times oversubscribed.

S. G. Warburg, the UK investment bank which was bookrunner for the underwriting group, described it as "a landmark issue that bodes well for South Africa's future in the international capital markets".

Mr Basil Hersov, chairman of Anglovaal, a diversified industrial and mining group, said the placing "has shown that premier institutions in Europe and the US are not just interested in learning more about the South Africa story but are also willing to take the step to invest".

About half the demand for the shares came from the US. In Europe the biggest demand came from fund managers in London and Edinburgh, said Mr Oliver Baring, a director of Warburg. French and other continental European investors were also interested.

Mr Baring said Anglovaal was a good choice to open the South African market because it offered investors a broad range of interests under proven management. "For many investors this was their first chance to buy a significant holding of South African stock since the political situation obliged them to divest in the 1980s," he pointed out.

The Anglovaal shares, to be listed in South Africa and London, were priced at $27.33 each share or American depositary receipt, which, when translated at the rand exchange rate at the time of pricing, represented R129. This compared with a closing bid price on the Johannesburg Stock Exchange of R130.

US carrier finds another $300m to boost compensation package

UAL revises offer to shareholders

By Richard Tomkins in New York

United Airlines, the US carrier that is days away from putting the world's biggest employee buy-out to the vote, yesterday announced a last-minute change to the compensation deal for existing shareholders.

It said it was dipping into company resources and producing another $300m in cash to replace the proceeds it had hoped to receive from selling a tranche of preference shares.

Under the deal, to be put to a shareholder vote on July 12, employees will eventually gain control of United by trading $4.9bn worth of labour concessions over the next 12 years for a minimum of 55 per cent of the company's stock.

Existing shareholders are to be offered a mix of cash and new United shares for the stock they now hold.

Part of the cash is to be raised through the sale of preferred stock and loan notes.

Yesterday, however, United acknowledged that it had been unable to sell as much preferred stock as it had hoped. Merrill Lynch, lead manager, said the issue had been aimed primarily at retail investors, and there had been insufficient time to market the whole of it at the target price with the July 12 deadline looming.

As a result, the contribution coming from United's internal resources will rise by $12.20 a share, to $38. Merrill Lynch said using the company's cash balances was a less expensive alternative to lowering the price of the preferred stock.

On a positive note, United said it had reached "a tentative understanding" to settle shareholder litigation pending in the Delaware Chancery Court relating to its recapitalisation plan.

It also said that Institutional Shareholder Services, an independent adviser to institutional investors on proxy voting, corporate governance and other shareholder issues, had recommended its clients to vote in favour of the plan.

● Mr Robert Ferguson, chief executive officer of Continental Airlines of the US, said yesterday that he did not expect the airline to be profitable for 1994, Reuter reports from Houston.

Mr Ferguson was responding to a question after the annual meeting about whether the Houston-based carrier would be profitable for the year.

But he added that he expected the airline to achieve sustained profitability in 1995.

Mr Ferguson also expected the first phase of the new no-frills, short-haul service, nicknamed Calite, to be profitable this summer and looked for expansion in the autumn.

Vard quits luxury cruise sector

By Karen Fossli in Oslo

Vard, the Norwegian cruise group, has completed its asset disposal programme with the sale of the cruise ship Royal Viking Sun for $170m to Cunard of the UK.

The move, which completes Vard's exit from the luxury cruise market, will improve its balance sheet and liquidity.

Cunard, part of the Trafalgar House group, has also acquired the rights to the Royal Viking Line name, the RVL logo and rights to use Royal Viking as the braad name on its vessels.

The disposal will enable Vard's Miami-based subsidiary Kloster Cruise to boost its position in the premium cruise market by concentrating on its remaining cruise lines, Norwegian Cruise Line and Royal Cruise Line. RCL will take on the Royal Viking Queen cruise ship from RVL.

Mr Bernt Karlsen, president and chief executive of Vard, said the sale price of the Royal Viking Sun was about 45 per cent above book value and the disposal would clear a revolving credit facility of $110m.

Kloster will book a gain of $35m on the disposal and Vard will have a considerable accounting profit on the sale.

In April the group sold a cruise ship for $24m which allowed debt to be reduced by $20m.

Early last month it sold the ferry division for NKr1.1bn ($159m) which reduced the parent company's debt by $136m.

Raytheon wins defence contract from Taiwan

By Patrick Harverson in New York

Raytheon, the US defence group, has won a contract to provide Taiwan with an air defence system based on the company's Patriot missile system.

Although Raytheon declined yesterday to say how much the deal was worth, Wall Street analysts estimated that the company, as prime contractor, could receive about $600m of the deal's estimated $1.2bn value over the next three to four years.

Raytheon will provide the fire units, missiles and related hardware, while subcontracting out other work, such as the manufacture of trucks and launchers.

The contract is the result of direct negotiations between a US defence contractor and Taiwan. Previously, all such deals were concluded with the US government acting as an executive agent. In this case Washington stayed out as it did not want to offend China.

China's Exim bank begins operations

By Tony Walker in Beijing

China's growing international commercial links will be strengthened today when its Export and Import Bank begins operations.

Mr Lei Zuhua, the bank governor, said the bank would focus on export credit initially and already had plans to support three projects.

These include the launch of an overseas satellite, the sale of aircraft to Pakistan and a ship to Norway. Some Yn500m (U$57.5m) has been earmarked for these projects.

Mr Lei said the new bank would approve loans worth Yn3bn to exporters this year, with about Yn2bn of the funds being disbursed.

The bank's registered capital is Yn3.38bn. It plans to raise additional funds by issuing three-year bonds with a target this year of Yn1bn-Yn1.5bn.

The Exim bank's charter also permits it to float bonds internationally and participate in syndicated loans.

The bank is being launched as part of a far-reaching shake-up of China's banking system, which includes the formation of policy banks responsible for lending to infrastructure and agriculture. The new export credit bank falls into the same category as the policy-lending institutions.

Malaysians find gambling the best bet

Companies are using the sector as a haven from recession, writes Kieran Cooke

Every day an average of 12,000 people crowd into the Genting Highlands casino complex in the hills above Kuala Lumpur. Some are locals. About 20 per cent have driven up from Singapore. Many have come from as far away as Taiwan and Indonesia.

Gaming is big business in Malaysia, accounting for as much as 4 per cent of gross domestic product. Sector turnover in 1993 is estimated at M$4bn ($1.55bn), with an additional M$10bn thought to have flowed through the illegal, unlicensed market.

Some of the country's biggest and most profitable companies derive the bulk of their revenues from gaming. Gaming related companies account for about 10 per cent of the Kuala Lumpur stock market's total capitalisation.

When the Kuala Lumpur stock market took off last year, gaming related shares were among the most heavily traded by Malaysia's eager punters, with the sector rising 180 per cent in the 12 months. Average earnings in the sector rose by more than 20 per cent in 1993.

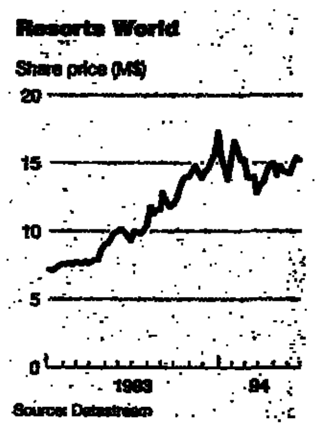
Many gaming orientated companies are starting to use their considerable financial resources to diversify into other areas. Some are going international.

The Genting group is the largest gaming associated company in Malaysia. It has plantations and interests in rubber manufacturing, but the bulk of earnings come from gaming. Last year its profits rose 38 per cent to M$959m.

The group's separately listed gaming and leisure arm – Resorts World, which has a casino and entertainment complex outside Kuala Lumpur – is Malaysia's fourth largest listed company with a market value of nearly M$17bn. Genting itself ranks number five.

Analysts estimate that Genting now has cash assets of M$1.5bn. "Its main problem seems to be searching out investment opportunities and making its accumulated holdings work," says a Kuala Lumpur broker. Last year Genting spent M$150m on a 6 per cent stake in Lonrho, the UK conglomerate. It is now believed to have sold the majority of that stake.

Genting is controlled by the family of Mr Lim Goh Tong, a Malaysian Chinese financier. Recently Mr Lim has taken controlling stakes in a M$1bn paper mill outside Kuala Lumpur and in an adjacent 740MW power plant being built in partnership with British Gas as part of Malaysia's independent power producer programme.



The diversification is for both financial and political reasons. Gaming, although big business in Malaysia, is also an extremely sensitive area of activity. Malays, who make up about 50 per cent of Malaysia's population, are Moslems. In Islam, gambling is unlawful. No Malays are allowed to enter the Genting casino complex. The word gambling is never mentioned in official company literature.

Genting and other gaming companies are dependent on government goodwill for their operating licences. Political connections are vital: it is also important to invest in projects seen as important to Malaysia's overall economic development.

Tanjong, Magnum and Berjaya are the three other stock market listed companies which dominate the gaming sector. A total of 1,600 retail outlets throughout Malaysia deal in variations of the numbers forecasting game, a form of gambling which came to Malaysia from southern China.

In spite of a recent rise in gaming tax to 7 per cent, gambling still chalks up big corporate profits. Magnum, the biggest numbers operator with a 40 per cent market share, made pre-tax profits of M$416m in 1993 compared with M$310m a year earlier.

Magnum and Berjaya are venturing into gaming operations overseas, with limited success. However Berjaya has won lottery management contracts in a number of Chinese cities. Berjaya has also taken an interest in a casino operation in Argentina.

Tanjong, listed in both Kuala Lumpur and London, is moving aggressively into other ventures.

Controlled by Mr Ananda Krishnan, a Malaysian Indian, Tanjong last year expressed interest in buying William Hill, the UK betting shops chain.

"We are definitely making moves to go international," says Mr Ralph Marshall, a senior Tanjong executive. "William Hill was one of the opportunities that we looked at."

Tanjong runs Malaysia's racing tote system. Through Tanjong's part ownership of the former turf club grounds in central Kuala Lumpur, companies associated with Mr Ananda are developing a new city centre at a cost of M$5bn. Other companies associated with Mr Ananda are involved in a multi-million dollar satellite telecommunications programme.

"There is no better business to be in in Malaysia than gaming," says a Kuala Lumpur industrialist.

"Gambling is the great sport of the Chinese [who make up about 35 per cent of Malaysia's 19m population] and appears to be recession proof."

Aires Finance Limited

USD 39,291,000

Secured Floating Rate Notes due 1993 to 1995

For the period from July 1st, 1994 to January 3rd, 1995 the Notes will carry an interest rate of 7¼% per annum with the following interest amounts:

Interest Payment Periods		Interest amount per USD 1,000	10,000	100,000
July 1st, 1994	– August 1st, 1994	2.95	29.48	294.81
August 1st, 1994	– September 1st, 1994	2.77	27.75	277.47
September 1st, 1994	– October 3rd, 1994	2.69	26.85	268.52
October 3rd, 1994	– November 1st, 1994	2.27	22.71	227.12
November 1st, 1994	– December 1st, 1994	2.18	21.82	218.17
December 1st, 1994	– January 3rd, 1995	2.22	22.15	221.53

Agent Bank
BANQUE PARIBAS
LUXEMBOURG

Inflation fears drive long-dated Treasuries lower

By Frank McGurty in New York and Graham Bowley in London

Longer-dated Treasury bonds moved sharply lower yesterday morning after a regional business survey heightened inflation fears and the dollar weakened further against the yen.

By midday, the benchmark 30-year government bond was down 1 1/32 at 84 5/32, with the yield rising to 7.591 per cent. At the short end, the two-year note was off 3/32 at 99 13/32, to yield 6.152 per cent.

The market was forced to digest a batch of fresh economic news on a day when activity was expected to remain lacklustre. It was the last trading session of the second quarter, and many traders will leave their desks early today ahead of the long Independence Day weekend.

Traders were also waiting to see if next week's meeting of the Federal Reserve's policy-making arm would result in the year's fifth increase in short-term interest rates.

The economic data did not go down easy. The Purchasing Management Association of Chicago said its June index of prices paid by manufacturers was well up at 69.7 per cent, against 63.6 per cent the previous month.

The jump, combined with a moderate gain in the employment index, stirred the market's ever-present fear of inflation. The Chicago survey often provides a preview of the national purchasing management report, due out today.

In another indication that the economy was continuing to accelerate, the Commerce Department said new factory orders in May had climbed 0.6 per cent, their third consecutive monthly increase.

The dollar remained mostly in the background. Though it was still trading near its 50-year low against the yen, traders seemed to content to ride out the storm and await developments that may arise during the Group of Seven summit and the Fed meeting next week.

GOVERNMENT BONDS

■ European government bonds fell back sharply yesterday in busy futures-driven trade. Markets were unnerved by the weakness in US Treasuries, the poor response to the Bank of England's tap offer of tranches of conventional gilts, strong UK economic data and by aggressive selling of French bonds.

"There was no single catalyst for the decline, it was rather that the more positive tone of recent days has faded," said Mr Ifty Islam, fixed income strategist at Merrill Lynch.

Gains made early in the day due to technical short-covering and the strength in US Treasuries on Wednesday were soon lost as markets headed lower.

■ UK government bonds dropped sharply through key psychological levels, dragged down by fears of rising inflation and by the lack of enthusiasm for the Bank of England's offer of £500m worth of tranches of conventional gilts.

Encouraged by the success of its auction of floating-rate gilts on Wednesday, "the Bank thought this was a good time to tap the market further, and in particular to tap the long-dated market", said Mr Sanjay Joshi, chief economist at Daiwa Europe.

But although one tranche – a £150m tap offer of 7 per cent gilt Treasury stock due 2001 – was quickly exhausted, there was less enthusiasm for other tranches.

Inflation fears were triggered by the UK purchasing managers' index for June, which showed a sharp rise in manufacturing activity and strong price pressures.

The September long gilt future on Liffe was down 2¼ at 99 22/32 points in late trading.

■ Italian government bonds, hit particularly badly by the renewed pessimism in Europe, suffered further from weakness in the lire and concern about the size of the budget deficit.

Investors were unnerved by a warning from the Organisation for Economic Co-operation and Development that decisive action to limit the budget deficit should not be delayed and by a rise in the minimum rate at the Bank of Italy's repurchase tender to 8 per cent from 7.85 per cent.

The Italian September BTP futures contract on Liffe was down 2.5 points at 102.70 in late trading.

■ A cut of 10 basis points in the Bank of France's intervention rate to 5.1 per cent failed to halt the decline in French government bonds.

The September notional French bond futures contract on Matif closed at 115.26, down 1.24 points on the day.

■ German government bonds also fell. The German September government bond contract on Liffe was down 1.03 points at 91.61 in late trading.

Italy plans $4bn global floating-rate note offering

By Tracy Corrigan

Italy yesterday announced that it planned to launch an ambitious $4bn global offering of multi-currency floating-rate notes, an unusual structure designed to capitalise on broad demand for floating-rate paper in the current bear market.

The notes will all have a maturity of five years, and will pay the same margin over the London interbank offered rate, though they may not have the same issue price, according to global co-ordinator Merrill Lynch. This is designed to allow investors to switch between different tranches. The size of the tranches will be set according to demand.

The pricing of the tranches has not yet been decided, but dealers said yesterday that a discounted margin of around 10 basis points over Libor is likely, the same as for Portugal's D-Mark offering earlier this week, according to traders. The Italy transaction is expected to be launched in mid-July.

While the unusual structure – it is the first global multi-currency offering – may help attract investor interest, there could also be some drawbacks. "It's a lot of money to raise in a difficult market and the deals will potentially compete with each other," said one trader.

INTERNATIONAL BONDS

The initial response suggested that demand for the yen tranche will be the strongest, due to lack of supply in that sector. "I think the problem with the yen tranche will be one of rationing rather than selling," said one underwriter involved in the transaction. The yen FRN market is currently underdeveloped, but the Japanese domestic market for floating rate instruments has recently been deregulated, encouraging a number of issues. However, liquid yen-denominated FRNs are still "a very rare animal" in Tokyo and London, one dealer said.

However, some dealers said that both the dollar and D-Mark FRN sectors appear to be afflicted by oversupply.

In the fixed-rate dollar market, General Electric Capital Corporation launched its second recent retail-targetted offering, a $150m three-year deal arranged by BZW. The deal was priced to yield 10 basis points over the comparable US Treasury.

In the sterling market, Gracechurch Mortgage Finance launched a £300m issue of securities backed by Barclays mortgages on residential properties in England, the bank's third mortgage securitisation. The notes are priced to offer a discounted margin of 23 basis points over Libor, assuming an expected average life of 3.8 years. The pricing reflects the tightening of margins on mortgage-backed paper in the sterling sector this year, according to lead manager BZW.

● The second securitisation of residential mortgages in France, a FFr2bn offering for Titrimmo 06-94, backed by Crédit Lyonnais mortgages, has been completed. The deal was guaranteed by MBIA Assurance.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
General Electric Capital Corp.	150	6.50	99.754R	Aug.1997	0.1875R	+10 (6¼%-97)	Barclays de Zoete Wedd
Ayala Land(a)§	100	(4-4½)	100.00	Jan.2000	2.50	-	Morgan Stanley Intl.
YEN							
Mitsui & Co.(b)	6.7bn	(s,b1)	100.50	Oct.1999	0.25	-	Nomura International
Bayerische Vereinsbank(c)	5bn	(s,c1)	100.25	Nov.2001	0.25	-	Sanwa International
STERLING							
Gracechurch Mg.Fin.(No.3)(d)‡	300	(d1)	99.90R	Sep.2029	0.20R	-	Barclays de Zoete Wedd
SWISS FRANCS							
Southern Petrochemical(e)★★§	80	2.00	100.00	Jul.1999	standard	-	Credit Suisse
Sogo Denki(f)★★§	70	0.125	100.00	Sep.1998	standard	-	Coutts & Co.

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ★★Private placement. ‡Floating rate note. §Convertible. R: fixed re-offer price; fees are shown at the re-offer level. a) Fixing: approx 11/7/94. Conv into Class B shares at indicated premium of 4-6%. Callable after 3 yrs subject to 130% rule. b) Callable on 27/10/95 at par. b1) 4% to 27/10/95 and 4½% thereafter. c) Callable on 9/11/98 at par. c1) 4.2% to 9/11/98 and 5½% thereafter. d) Callable from Jun.01 at principal. 10% cleanup call. Average life: 3.8 yrs. Class B notes of £9m were privately placed. d1) 3-mth Libor +20bp to Jun.01 and +50bp thereafter. e) Conv price: Rs111.30. FX: 23.529Rs/SFr & 1.3339Fr/$. Puttable on 18/7/97 at 118¾%. Callable on 18/7/95, 96 & 97 at 118¾% and on 18/7/98 at 100½%. 130% acceleration clause. Redemption is in $. f) Fixing: 6/7/94. Callable on 30/9/96 at 102% falling ½%ea. Callable on 31/3/95, subject to 130%, at 101¼% falling ¼%ea. Downward revision clause: Jul.96. s) Short 1st coupon.

S&P ratings set to reflect derivatives

By Tracy Corrigan

Standard & Poor's, the US credit rating agency, plans to introduce a new type of rating designed to alert investors to the risks, other than credit risk, involved in structured products such as those with embedded derivatives.

"During the 1980s, the most significant risk was credit risk; during the 1990s it is still important, but it is becoming overshadowed by the repayment risk from derivatives embedded in bond issues," said Mr Leo O'Neill, S&P's president. "To continue just to apply credit ratings would not be alerting investors to other risks," he added.

In the first phase, S&P will add an "r" to existing bond ratings – for example, a bond could be rated AAAr, instead of AAA.

At a later stage, the agency plans to attempt to quantify the nature of that risk by indicating a high, medium or low level of risk.

Securities which would be likely to merit an 'r' rating include interest-only and principal-only mortgage securities, because of the risk of pre-payment; structured notes, with interest repayments derived from swaps which could terminate at any time; and notes with redemption linked to an index which could go up or down.

"If these ratings stimulate greater discussion between investors and their advisers, we will have done our job," said Mr Hendrik Kranenburg, executive managing director of S&P.

S&P is setting up a comprehensive database of all such outstanding securities. The new service is expected to be launched later this month.

The move reflects growing concern over the new risks created by the rapid expansion of the derivatives market, and is one of a number of efforts to take account of the resulting changes in the international financial markets.

In May, Moody's rating agency started assigning specific ratings to institutions, based on their creditworthiness as counterparties in the derivatives market.

Those ratings are designed to provide "a more accurate system for derivatives claims ratings" which apply specifically to the financial capacity of individual obligors to meet their contracts, said Mr John Kriz, managing director of Moody's.

Mr Kriz warned that bond and deposit ratings may not accurately reflect an obligor's creditworthiness from a derivatives claim perspective.

World Bank arm in Russia link

The International Finance Corporation, the private-sector arm of the World Bank, has arranged a risk management facility with Tokobank, a privately-owned Russian bank based in Moscow, which will give the commercial bank access to the long-term international swaps market, writes Tracy Corrigan.

It is the first such facility in Russia, though the IFC has completed similar arrangements in other emerging markets. The facility will allow Tokobank to hedge currency and interest rate risks in its portfolio and to offer risk-hedging products to its own clients. Tokobank will be able to enter swap transactions worth $50m with maturities up to seven years.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	95.8800	+0.070	9.64	9.60	8.84
Belgium		7.250	04/04	95.4000	−0.550	7.94	7.97	8.25
Canada *		6.500	06/04	82.3000	−0.250	9.27	9.24	8.68
Denmark		7.000	12/04	90.6200	−1.330	8.37	8.16	8.42
France	BTAN	8.000	05/98	104.0000	−0.500	6.79	7.03	6.77
	OAT	5.500	04/04	85.8100	−1.760	7.60	7.57	7.49
Germany Treuhand		6.750	05/04	97.8100	−0.720	7.06	6.99	7.04
Italy		8.500	01/04	88.4000	−1.730	10.46†	10.38	9.98
Japan	No 119	4.800	06/99	105.1520	+0.040	3.58	3.75	3.36
	No 164	4.100	12/03	98.6540	−0.070	4.30	4.41	4.08
Netherlands		5.750	01/04	90.8600	−0.400	7.10	7.06	7.27
Spain		10.500	10/03	98.9000	−1.150	10.67	10.58	10.05
UK Gilts		6.000	08/99	90-11	−26/32	8.36	8.25	8.23
		6.750	11/04	87-06	−49/32	8.64	8.56	8.47
		9.000	10/08	103-06	−57/32	8.60	8.59	8.55
US Treasury *		7.250	05/04	99-13	−23/32	7.33	7.08	7.09
		6.250	08/23	84-05	−34/32	7.61	7.41	7.35
ECU (French Govt)		6.000	04/04	86.7900	−0.930	7.99	8.01	7.97

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime | Treasury Bills and Bond Yields

		One month	4.09	Two year	6.17
Prime rate	7¼	Two month	4.17	Three year	6.48
Broker loan rate	5½	Three month	4.23	Five year	6.95
Fed.funds	5½	Six month	4.80	10-year	7.32
Fed.funds at intervention	4¼	One year	5.49	30-year	7.60

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	117.12	115.26	-1.24	117.12	115.24	272,972	124,649
Dec	116.00	114.36	-1.24	116.10	114.74	2,035	11,179
Mar	115.26	113.62	-1.24	115.36	115.26	154	250

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Jul	Calls Sep	Calls Dec	Puts Jul	Puts Sep	Puts Dec
112	-	-	-	-	1.00	1.60
113	-	-	-	-	1.42	2.00
114	-	3.12	3.06	-	1.60	2.50
115	0.26	2.35	-	-	2.03	2.95
116	-	1.93	2.00	0.74	2.45	-

Est. vol. total, Calls 49,774 Puts 79,662. Previous day's open int., Calls 394,620 Puts 390,957.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	92.93	91.86	-0.68	93.22	91.50	161136	144472
Dec	92.44	91.24	-0.68	92.44	91.26	662	7264

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Aug	Calls Sep	Calls Oct	Calls Dec	Puts Aug	Puts Sep	Puts Oct	Puts Dec
9150	1.36	1.84	1.56	1.89	0.90	1.38	1.82	2.15
9200	1.08	1.54	1.32	1.65	1.12	1.58	2.08	2.41
9250	0.81	1.27	1.10	1.41	1.35	1.81	2.36	2.67

Est. vol. total, Calls 15021 Puts 16251. Previous day's open int., Calls 232966 Puts 210751

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	97.90	97.30	-0.37	97.90	97.90	1	78

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	105.80	102.92	-2.28	105.86	102.61	62577	67778
Dec		101.87	-2.28			0	100

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Sep	Calls Dec	Puts Sep	Puts Dec
10250	2.56	3.19	2.14	3.82
10300	2.28	2.97	2.36	4.10
10350	2.03	2.76	2.61	4.39

Est. vol. total, Calls 950 Puts 1257. Previous day's open int., Calls 28660 Puts 28965

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	88.79	91.20	-1.67	91.23	88.75	61,898	97,705
Dec	90.15	88.15	-2.00	88.15	88.15	2	4

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	101-26	99-31	-1-22	101-31	99-14	81672	115201
Dec		98-31	-1-22			0	411

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Sep	Calls Dec	Puts Sep	Puts Dec
99	2-47	3-21	1-48	3-23
100	2-11	2-56	2-13	3-58
101	1-44	2-29	2-46	4-31

Est. vol. total, Calls 5040 Puts 6254. Previous day's open int., Calls 60229 Puts 45846

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	84.50	83.34	-0.86	84.80	83.20	782	5,615
Dec	-	82.90	-0.86	-	-	-	-

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Sep	102-16	102-20	+0-03	102-24	102-09	391,593	361,018
Dec	101-24	101-27	+0-02	101-30	101-18	4,546	44,001
Mar	101-05	101-06	+0-02	101-07	101-05	198	3,533

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Sep	109.30			109.40	109.10	2742	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thur Jun 30	Day's change %	Wed Jun 29	Accrued interest	xd adj. ytd
1 Up to 5 years (24)	120.95	−0.28	121.36	1.68	5.82
2 5-15 years (22)	139.13	−1.25	140.89	2.20	6.42
3 Over 15 years (9)	154.75	−1.78	158.65	1.79	6.57
4 Irredeemables (6)	176.42	−0.81	177.86	1.20	7.36
5 All stocks (61)	136.86	−1.62	138.48	1.97	6.29

	Low coupon yield Jun 30	Jun 29	Yr. ago	Medium coupon yield Jun 30	Jun 29	Yr. ago	High coupon yield Jun 30	Jun 29	Yr. ago
5 yrs	8.39	8.22	6.86	8.58	8.39	7.03	8.66	8.49	7.24
15 yrs	8.55	8.37	7.94	8.71	8.50	8.02	9.01	8.76	8.28
20 yrs	8.48	8.34	8.07	8.71	8.50	8.11	8.82	8.62	8.32
Irred.†	8.54	8.46	8.21						

Index-linked	Thur Jun 30	Day's change %	Wed Jun 29	Accrued interest	xd adj. ytd
6 Up to 5 years (2)	186.24	−0.21	186.63	1.23	2.53
7 Over 5 years (11)	170.39	−0.62	171.44	0.73	2.65
8 All stocks (13)	171.15	−0.57	172.13	0.77	2.63

	Inflation 5% Jun 30	Jun 29	Yr. ago	Inflation 10% Jun 30	Jun 29	Yr. ago
Up to 5 yrs	3.81	3.71	2.89	2.78	2.68	2.13
Over 5 yrs	3.95	3.90	3.50	3.76	3.71	3.32

Debentures and Loans	Thur Jun 30	Day's change %	Wed Jun 29	Accrued interest	xd adj. ytd
9 Debs & Loans (78)	126.88	−1.57	128.90	2.24	5.60

	5 year yield Jun 30	Jun 29	Yr. ago	15 year yield Jun 30	Jun 29	Yr. ago	25 year yield Jun 30	Jun 29	Yr. ago
Debs & Loans	9.82	9.58	8.25	9.71	9.51	8.97	9.62	9.44	9.13

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	June 30	June 29	June 28	June 27	June 24	Yr ago	High*	Low*
Govt. Secs. (UK)	91.57	92.47	92.29	92.40	91.71	97.48	107.04	90.95
Fixed Interest	108.56	108.85	108.87	109.24	108.15	115.42	133.87	107.33

* for 1994. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	June 29	June 28	June 27	June 24	June 23
Gilt Edged bargains	120.2	98.3	98.1	76.3	92.4
5-day average	97.0	91.7	90.6	90.7	94.1

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on June 30

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	91¾	91⅝	-⅛	7.88
Alberta Province 7⅞ 98	1000	101⅛	101½	-⅛	7.30
Austria 8½ 00	400	105	105¼		7.36
United Kingdom 7¼ 97	5500	102	102⅛	-⅛	6.42
Volkswagen Intl Fin 7 03	1000	97½	98	-⅛	7.39
World Bank 0 15	2000	20⅝	20⅞	+⅛	7.63
World Bank 5⅜ 03	3000	90⅞	91	-⅝	7.24
Abbey Natl Treasury 8 03 £	1000	91⅞	92⅛	-⅛	9.39
Alliance Leics 11⅝ 97 £	100	107⅞	108⅜	-⅛	8.15
British Land 8⅞ 23 £	150	87	87½	-1⅛	10.05
Denmark 6¾ 98 £	800	94¼	94½	-⅛	8.44
[illegible]					

[illegible]

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or –	1994 High	1994 Low
[illegible]						

● "Tap" stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

COMPANY NEWS: UK

Asda shows resilience despite write-downs

By Neil Buckley

Mr Archie Norman, chief executive of Asda, warned yesterday of continuing pressure on profit margins in UK food retailing, as he unveiled a resilient performance from his own company, with underlying profits up 43 per cent.

Net property write-downs of £179m and a £130m write-off connected with the sale of the Allied Maples business meant that Asda reported a pre-tax loss of £126m for the year to April 30. But disregarding these exceptional items, profits rose from £140.4m to £201.4m.

"We are still in what we call the watershed period," said Mr Norman, who was the first leading industry figure to predict tougher times ahead for food retailers in 1992.

"If [food retailing] space is expanding by 8 to 10 per cent a year, but demand is relatively flat it doesn't take me to point out there is going to be pressure on margins."

He added that Asda was entering the final year of a three-year recovery programme based on "meeting the needs of ordinary working people, who demand value" and designed to equip the company to deal with the new "market realities".

Asda's shares closed up ¾p at 52¼p, bolstered by a 10 per cent increase in the final dividend to 1.21p, taking the total to 1.76p (1.6p). Losses per share of 5.91p after exceptional items compared with earnings of 6.4p last year.

Group turnover, excluding Allied Maples, increased by 9 per cent to £4.8bn (£4.41bn), and Asda said that with only one new store opened during the year, like-for-like sales increased by 8.9 per cent.

That far outstripped like-for-like growth at competitors J Sainsbury, Tesco, and Argyll, owner of Safeway. Mr Norman admitted that Asda's figures were recovering from a weaker base, but he added that the performance had beaten his own expectations.

Asda said the increasingly competitive market and moves to more conservative accounting by other grocery groups had persuaded it to make a £154m property write-down, reducing the value of older stores to their alternative use value. It was starting to depreciate other stores by between 2 and 5 per cent per year depending on age, resulting in a recurring additional charge of £18.4m.

Asda also wrote down the value of its investment in Burwood House, a joint venture with British Aerospace, by £30m to £73m.

See Lex

NatWest pays £195m for US retail bank

By John Gapper, Banking Editor

National Westminster Bank yesterday announced that it would expand its US retail banking subsidiary further by spending $300m (£195m) in shares and cash to buy Central Jersey Bancorp, a retail bank with assets of $1.8bn.

NatWest Bancorp, its US retail subsidiary, will pay $33.50 per share, or 2.4 times book value. The deal follows the acquisition by NatWest in March of Citizens First Bancorp, another New Jersey bank.

Some 55 per cent of the $300m will come from the issue of up to 25m ordinary shares – 1.5 per cent of share capital – in the form of American Depository Receipts. The acquisition will increase NatWest Bancorp's assets to $30bn.

Mr John Tugwell, NatWest Bancorp's chairman and chief executive, said that Central Jersey was attractive because its franchise covered "horse-farming country, some sea-shore, and a lot of small businesses and prosperous consumers".

He said that NatWest could cut Central Jersey's cost base by 35 to 40 per cent, mainly by cutting duplication in central functions. Earnings per share were unlikely to rise in the first year because of initial integration spending.

NatWest was "comfortable that we will earn an appropriate return" by raising income from the sale of financial products. Some 11 per cent of Central Jersey's income comes from such items, compared with 34 per cent for NatWest Bancorp.

It would also be able to cut its funding cost by gaining access to Central Jersey's retail deposit base, which wholly funds its lending.

Central Jersey was "a very clean bank" in which only 1 per cent of the loan book was non-performing, and reserves stood at 116 per cent of bad loans. It has a very strong 12.3 per cent ratio of core capital to risk-weighted assets.

Inchcape cools on Gestetner link

By Andrew Bolger

Gestetner shares fell 19p to 144p yesterday after Inchcape, the international services and marketing group, said it would not exercise an option to increase its stake in the distributor of office equipment and photographic supplies.

At the same time Gestetner reported a sharp turnround to profits of £6.6m in the six months ended April 30 compared with a loss of £45.4m which reflected extensive restructuring costs.

Last year Inchcape spent £38m on a 15 per cent holding and acquired the right to raise this to 25 per cent by today for a further £41m.

Ricoh, the Japanese manufacturer of office equipment, bought a large stake in Gestetner in 1991 and now controls 29.9 per cent.

Mr Charles Mackay, Inchcape chief executive, said that it had become "increasingly apparent the best strategy available to Gestetner, ourselves and Ricoh, may be for the three companies to work together in developing business opportunities, while generally maintaining separate distribution channels for the Ricoh and Gestetner brands.

"However, it has already become clear that, with this strategy, it is not necessary to increase our investment in Gestetner."

Inchcape shares yesterday rose by 5p to 448p. The shares have been underperforming the market recently, partly because of concern that the group might launch a full bid for Gestetner, which would probably have involved a rights issue.

Mr Mackay said he was confident of continuing progress at Gestetner. Mr David Thompson, Gestetner's chairman, said: "We are comfortable that Inchcape remains a major investor in Gestetner and will continue to explore with them opportunities of mutual advantage . . . We continue to enjoy a good relationship with Ricoh as a major shareholder and as an important supplier of office automation equipment."

Gestetner's principal supplier is Ricoh, but the group said it was shifting emphasis towards flexible sourcing from a variety of suppliers. The distributor also expressed determination to exploit its muscle to gain best buying terms and terms from suppliers, including Ricoh. Gestetner distributes 24 per cent of the Ricoh products sold outside Japan.

Gestetner trading profit rose to £14.1m compared with £10.7m before exceptionals. Mr Thompson said the group was beginning to reap the benefits of the restructuring actions taken last year.

Earnings per share rose to 2.7p, compared with losses of 22.2p or earnings of 0.3p, excluding exceptionals. The interim dividend is 1.2p (1.8p).

See Lex

Insurers move in on EU market

By Alison Smith, Richard Lapper and Lionel Barber

Two of the UK's largest insurers – Scottish Amicable and Equitable Life – will today launch new European operations as part of plans to take advantage of the expected liberalisation of the continent's insurance market.

Competition in the market is expected to increase in the wake of today's deadline for implementation of the European Union "framework" directives, which allow insurers to sell home, motor and life insurance across national boundaries for the first time.

Scottish Amicable European, based in Dublin, will become operational today, with the launch of products into the UK. These feature flexible, regular premium protection-based policies, and will benefit in terms of pricing from the differences in how life assurance is taxed in the rest of Europe compared with the UK.

The company aims to start selling products in Germany early next year, said Mr Paul Bradshaw, chief executive.

Equitable Life will launch UK-style life products in Germany, which will be sold alongside its range of traditional German policies by its direct sales force there.

The legislation should be implemented in 10 of the EU's member states by the end of the year. Companies will be free to operate throughout the EU on the basis of a licence obtained from regulators in their home state.

Denmark, France, the Netherlands, Portugal and the UK are expected to have transposed the insurance directive into national law by the July 1 deadline, while Belgium, Germany, Ireland, Italy and Luxembourg would be ready by the end of the year, EU officials said. Spain and Greece are being allowed until December 31 1996 and December 31 1998 respectively to effect the changes.

The greater competition ensuing as a result of the directive is expected to lead to lower prices, especially in traditionally more regulated markets such as Germany. Officials acknowledge, however, that differences in tax regimes of member states may restrict the impact of the directive.

See Features

Pearson lifts Spanish stake

Pearson, the media group which owns the Financial Times, is to buy a further 12.03 per cent stake in Recoletos for Pta3.7bn (£18.6m), bringing its total holding in the privately-owned Spanish newspaper publishing group to 38.73 per cent.

The acquisition price values Recoletos at Pta31bn. Its main titles are: Expansion, Spain's leading business and financial daily; Actualidad Economica, the main business weekly; Marca, the top daily sports paper; Telva, a women's magazine; and Diario Medico, a daily medical newspaper.

The stake will be bought from 41 of Recoletos' existing 130 shareholders, subject to their waiver of various pre-emption rights.

Close finish likely in battle for Lasmo

By Robert Corzine and Richard Waters in New York

Enterprise Oil's increasingly bitter takeover battle for fellow explorer Lasmo ends today, with both sides saying that the result is too close to call.

"There will be a few sweaty palms" among Lasmo and Enterprise executives and advisers as the counting of votes gets under way in London, according to one of Lasmo's larger institutional investors yesterday.

Many institutions are unlikely to tip their hands until close to the 1pm deadline for votes to be received by the registrar. Phillips and Drew Fund Management, the biggest single shareholder, yesterday decided against making a public announcement of which side they would support.

PDFM, which sold 77m Lasmo shares in Enterprise's controversial share raid on Wednesday, is thought to be uncomfortable with the notion that undecided investors might simply follow its lead.

The two sides spent much of yesterday dealing with the fall-out from the share raid, in which Enterprise picked up 9.8 per cent of Lasmo's shares.

The head of investments for the US's largest pension fund reacted angrily yesterday to the fact that US investors were excluded from Enterprise's cash offer.

Mr Virgil Cummings, chief investment officer of Teachers Insurance and Annuity Association - College Retirement Equities Fund (Tiaa-Cref), said: "It's very, very frustrating. But this is nothing new. This is something we continually experience in the UK."

Mr Cummings said restrictive legal interpretations obtained by UK companies frequently resulted in US investors being excluded from some transactions, such as tender offers and dividend reinvestment schemes. Similar problems did not arise in other European capital markets, he added.

The Enterprise camp though, maintained that regulators in the US had prevented Lasmo shareholders there from participating, rather than the company's own legal interpretation. Such partial cash offers during takeover bids are not permitted under US takeover law, forcing Enterprise to obtain a special exemption from the Securities and Exchange Commission for its action. That exemption did not extend to Lasmo shareholders in the US, the Enterprise supporters said.

Enterprise sounded out some of Lasmo's US shareholders before paying cash for 10 per cent of the company's shares on Wednesday. However, it later told them that they could not accept the offer for legal reasons.

US input helps raise Ivory & Sime to £6m

By James Buxton

Ivory & Sime, the Edinburgh-based fund managers, lifted pre-tax profits by 27 per cent, from £4.9m to £6.2m, during the year to April 30.

Mr Allan Munro, managing director, said the company was continuing the progress made in the four years since management changed in 1990. Managed funds increased by 15 per cent to £3.8bn at the year end, though the rise was "not as fast we would like".

During the year the company lost the contract to manage portfolios controlled by the Merchant Navy Officers Pension Fund, leading to Ensign Trust selling its 16.7 per cent stake to investors including Abtust and Scottish Value Trust. I&S also lost the contract to manage New Frontiers Development fund.

However, funds under management in North America doubled to £470m despite the loss of one client worth £110m. Mr Munro said I&S could present a good five-year record in managing UK pension funds which meant it attended "beauty parades" to win new mandates.

Profits were boosted by the high level of world stock markets over the year. Sales rose 23 per cent to £17.6m (£14.3m).

Administrative expenses rose by 11 per cent to £11m.

The final dividend is 5.25p, making a total of 7.5p, up 15.4 per cent, and payable from earnings up 20 per cent to 12.87p per share.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Asda ......fin	1.21	Oct 3	1.1	1.76	1.6
Booth Inds ......fin	nil	-	nil	nil	0.7
BPB Inds ......fin	5.3	Aug 19	4.8	8.1	7.5
Brunner Inv Tst ......int	2.5	Sept 14	2.4	-	5.25
Compco ......fin	12.96	Oct 3	12.96	12.96	12.96
Eurocamp ......int	3.6	Aug 26	3.45	-	9.75
FNFC ......int	0.5	Aug 22	0.5	-	1.5
Gestetner ......int	1.2†	Aug 26	1.8	-	3
Hadleigh Inds § ......fin	1.5	Oct 6	0.5	2	0.5
I&S Optimum ......fin	1.95	Aug 8	1.85	7.6	7.4
Ivory & Sime ......fin	5.25	-	4.75	7.5	6.5
Joseph (Leopold) ......fin	14.25	Sept 10	13.5	17.5	16.6
Matthew Clark ......fin	10.75†	-	10	18	16.75
SW Electricity ......fin	16.5	Oct 3	14.1	23.5	20

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

Distributor backs calls for demerger of the National Grid

Sweb lifts pay-out by 17.5%

By Michael Smith

South Western Electricity, the Bristol-based distributor, yesterday threw its support behind a demerger of the National Grid from the regional electricity companies that own it.

The company also reported a 17.5 per cent increase in dividend payments, one of the highest in the current power reporting season which ends today.

Mr John Seed, chief executive, said he thought most of the recs would support a National Grid demerger after a review of its future later this year.

Options include selling a part of the company and keeping the cash. But Mr Seed said his company favoured a full demerger of the Grid, to be achieved by handing over shares in the new company to the recs' existing shareholders on a pro rata basis.

Swalec has adopted a similar stance on the Grid.

Pre-tax profits for the year to March 31 were 15.5 per cent ahead at £116.8m (£101.1m), achieved on turnover of £899.6m (£892m). A proposed final dividend of 16.5p gives a total for the year of 23.5p (20p) covered 3.2 times by earnings of 75.4p (63.1p) per share.

Lydia van der Meer

Maurice Warren, chairman (left) with John Seed: dividend rise based on performance and desire to maintain cover

Mr Seed said the dividend increase could not be interpreted as a signal for a favourable outcome of the distribution review. "The dividend rise is based on our performance during 1993-94 and our desire to maintain the dividend cover at 3.2."

Mr John Sellers, finance director, said the company would also want to review its balance sheet following the distribution review. It would be comfortable with gearing levels of up to 40 per cent.

Sweb had net cash of £43.5m at the year end, against borrowings of £105.7m last time.

Excluding the effect of VAT receipts, gearing would have been 3 per cent.

The performance was helped by a higher than average 2.2 per cent growth in units distributed, weather-corrected.

● **COMMENT**

Here are yet another set of impressive results from a rec, which if anything, understate the underlying growth. After adding in the effects of £27m for provisions and subtracting money taken from customers relating to previous years and pension provisions, the total could have been about £10m higher. Assuming a 14 per cent dividend rise this year, the shares, up 14p to 615p yesterday, are trading on a prospective yield of about 5.5 per cent. That is fair for a company which has performed well but faces a tougher time than most because it must convince the regulator that its high cost base is fully justified by the expense of servicing a sprawling rural area. But at the end of a week in which rec share prices have risen strongly, investors in all 14 companies affected by the distribution review should stop and consider. While it is almost certain that the review will be less tough than the worst fears, there is as yet very little hard information to work on. The market is working on hunches, not knowledge.

Pascon in £28m buy-out from BTR

By Andrew Taylor, Construction Correspondent

The management of Pascon has paid £28m to buy the scaffolding and plant hire business from BTR, its former parent.

The buy-out team raised a total of £33.5m, including a £5m loan for future capital investment.

3i, the venture capital group, provided £12.5m, a further £11m was provided by National Westminster Bank while Lombard Business Finance invested £10m.

The business, established in 1880, claims to be the country's oldest scaffolding concern still operating.

Management, led by Mr Keith Bright, managing director, is thought to have acquired a stake of more than 50 per cent in the company.

Pascon also manufactures pumps as well as hiring scaffolding and other equipment to the construction and allied industries from a national network of 30 branches.

The buy-out was negotiated by Price Waterhouse which said that Pascon's main markets were showing steady signs of recovery which had led to a rise in orders and customer inquiries.

Pascon, which is thought last year to have earned pretax profits approaching £3m on turnover of £38m, is forecasting higher profits in the current year.

Mr Bright said the forecast was underpinned by scaffolding contract work worth £8m already in hand. Plant hire revenues also were running at record levels, while orders at the company's pump manufacturing subsidiary were the best for four years.

Acquisitions help boost Matthew Clark to £10m

By Tony Jackson

An aggressive programme of acquisitions helped Matthew Clark, the drinks group, to increase annual pre-tax profits by 95 per cent, from £5.28m to £10.3m.

Mr Peter Aikens, chief executive, said that integrating Grants of St James's had yielded £8.5m of cost savings on an annualised basis, as promised at the time of the £30m acquisition last October.

Of £10m provisions made to cover the purchase of Grants and Freetraders, a drinks wholesale business, £4m had been spent in the year to April 30. The remainder would be spent largely in the current year, although the resulting cost savings would largely fall in the year after.

In the course of the year under review, the group raised £45m through two rights issues, increasing its capital base from 9.8m shares to 22.7m. The cost of acquisitions came to £51m.

Turnover tripled from £58m to £174m. The inclusion of Freetraders for 10 months and Grants of St James's for six months added £122m to turnover and £5.4m to operating profit.

Interest payable increased to £370,000 (£90,000) and after tax of £3.32m (£1.74m) and minorities of £912,000 attributable profit was £6.08m (£3.54m).

Earnings per share rose by 14 per cent to 33.5p (29.3p). The final dividend is raised by 7.5 per cent, in line with the company's forecast, to 10.75p (10p), making a total of 18p (16.75p).

Net cash at the year end was £6m.

The shares rose 3p to 550p.

● **COMMENT**

Assuming pre-tax profits of some £15.5m this year, headline profits will have almost tripled in the space of two years. This indicates the pace of change at Matthew Clark, and also the risks. The replacement of the old family management by drinks industry professionals has had a galvanising effect. There is no shortage of opportunities, particularly given the structural upheavals still afflicting the brewing and pubs industries. But the acquisitions being contemplated in principle are pretty varied, from branded wine to cider manufacture. Shareholders will doubtless be called on to assist the process further. Buying the shares is an act of faith in the management, but it might pay off.

SB challenge to Wellcome as Famvir gets US approval

By Paul Abrahams

SmithKline Beecham, the Anglo-American healthcare group, yesterday announced the US Food and Drug Administration had approved its anti-viral drug Famvir for the treatment of shingles.

The approval ends effective monopoly of Wellcome, the UK drugs group, over the US shingles market. Zovirax, its anti-shingles compound, was its largest selling product last year, generating sales of £760m, equivalent to 37 per cent of group sales of £2.04bn. The drug, whose US sales last year were £286m, was also the world's fourth biggest selling medicine.

Wellcome's shares fell 27p to 590p, while SmithKline Beecham's dropped 3p to 406p.

Wellcome reacted to Famvir's approval by announcing it had signed an agreement to co-promote Zovirax in the US with Upjohn, the Kalamazoo-based drugs group. The company said Upjohn's salesforce of 1,400 would work with Wellcome's 800 representatives.

The Anglo-American group said it planned to launch Famvir in the coming weeks. The company refused to reveal at what price it would launch Famvir in the US. In the UK earlier this year, SmithKline Beecham set Famvir's price at £107.35 for a week's course for shingles, a 5 per cent discount to Zovirax. Wellcome matched SmithKline Beecham's price within hours.

Wellcome insisted the launch of an additional shingles treatment in the UK had increased the overall size of the market by 25 per cent, and that Zovirax sales had not fallen as a result.

In the same market, the company has recently launched an over-the-counter, non-prescription version of the drug for cold sores, in anticipation of the expiry of Zovirax's patents next year. Its application to market the drug over-the-counter for genital herpes in the US is still pending.

NEWS DIGEST

Booth Inds losses rise to £2.12m

Difficulties in its structural steel division left Booth Industries, the specialist engineer, with increased pre-tax losses of £2.12m for the year to March 31, against £576,000.

The activities of the division have been curtailed resulting in a provision of £1.43m.

Losses per share came out at 52.52p (11.53p) and the dividend is passed. Last year only an interim of 0.7p was paid. Turnover was £16.5m (£18.9m).

Midland & Scottish

Midland & Scottish Resources reduced pre-tax losses from £113.6m to £48.3m in 1993, on sales up from £28.1m to £65.3m.

The results included the £17m provision against the Emerald Field which was announced at the interim stage. A further provision was made against the carrying value of the floating storage unit which is part of the Emerald facilities.

Basic losses per share declined to 24p (55p).

Castle Mill

Castle Mill International, the clothing and textiles company, reported pre-tax profits of £882,000 from turnover of £3.48m for the year to end-December 1993. The outcome compared with a loss of £383,000 from turnover of £9.31m.

The profit was after taking into account a surplus arising from the waiver of bank indebtedness of £1.12m resulting from last September's financial restructuring.

The effect of the restructuring also impacted on net interest payable, which fell from £594,000 to £259,000.

Earnings per share emerged at 5.75p (3.21p losses).

Arcon

Arcon International Resources, the Dublin-based mineral and hydrocarbon exploration group, cut its pre-tax loss for the six months to February 28 to just I£55,000 (£54,000).

Losses last time amounted to I£1.37m after additional depreciation of I£775,000 for relinquished mineral exploration interests in Alaska.

Turnover was I£762,000 (I£780,000) reflecting a weaker oil price. Following a tax credit of £294,000, earnings per share were 0.415p (losses of 2.46p).

Fairbriar

Fairbriar reported a pre-tax profit of £6.99m for the 12 months to December 31 1993, which the property development group attributed to an exceptional item of £10.4m, representing a write-off of creditors under a voluntary arrangement within its reconstruction terms.

Sales in the year were £11.8m and earnings per share were 39.28p. In the previous nine-month period a pre-tax loss of £8.37m was incurred on sales of £5.08m. The deficit per share was 73.35p.

Gresham Telecom

Gresham Telecomputing, the USM-quoted information technology concern, suffered a fall in pre-tax profits from £419,000 to £244,000 for the six months to April 30.

Turnover was virtually unchanged at £3.07m and earnings per share were halved at 0.43p (0.86p). Profits this time were struck after £53,000 reorganisation costs.

Compco

Compco Holdings, the property investment and development group, reported pre-tax profits of £310,609 for the year to March 25, against a FRS 3-restated loss of £25,939.

Net income from property fell from £2.11m to £1.68m. The single final dividend is held at 12.96p with a 3-for-1 scrip issue also proposed. Earnings per share were 9.25p (3.61p losses).

Porth

Porth Group, the USM-traded decorations, packaging and framing products concern, incurred a pre-tax loss of £380,000 for the year to end-December. That was an improvement on the midyear deficit of £1.89m and compared with 1992's overall loss of £1.23m which included exceptional provisions of £1m. Turnover rose by £1m to £18.7m.

Losses per share were cut from 6.4p to 2p.

Leopold Joseph

Leopold Joseph, the merchant banker, reported a 11 per cent rise in pre-tax profits from £2.13m to £2.35m in the year to the end of March.

The result was helped by an increase in net interest income from £5.17m to £5.3m and lower expenses of £6.44m (£6.88m).

Earnings per share were 34.4p (30p) and the dividend is raised from 16.6p to 17.5p with a recommended final of 14.25p.

I&S Optimum Tst

I&S Optimum Income Trust reported attributable revenue ahead from £2.1m to £2.2m during the year to May 31.

Earnings per share rose to 7.61p (7.25p) and a fourth interim dividend of 1.95p brings the total for the year to 7.6p (7.4p).

After adjusting for the entitlement of zero dividend preference shares, net assets per ordinary share dipped 5 per cent, from 95.02p to 90.08p.

Brunner

Net asset value per share of Brunner Investment Trust stood at 259.1p at May 31. That compared with 221.2p at end-May 1993.

Available revenue for the six months to end-May totalled £1.29m (£1.68m) and earnings emerged at 2.01p (2.63p). The interim dividend is lifted to 2.5p (2.4p).

Aberdeen Steak back in the black at £0.52m

Aberdeen Steak Houses Group, the USM-quoted restaurant operator, yesterday announced a return to profit with a pre-tax figure of £520,000 for 1993 compared with a loss of £185,000 previously.

This followed a cut in first half losses from £381,000 to £197,000.

Turnover was up from £12.9m to £14.7m and the profit was struck after an exceptional item of £177,000 (£300,000) – a "prudent" provision for permanent diminution in value of certain fixed assets.

Earnings per share were 1.7p (1.2p losses). There is again no dividend.

Shareholders' funds showed an increase from £236,000 to £434,000 while bank borrowings dropped from £1.25m to £824,000.

New management team at Starmin as losses double

By David Blackwell

Starmin, the quarry products company chaired by Lord Parkinson, the former cabinet minister, doubled its pre-tax loss for last year to £23.2m.

The total loss included £11.2m relating to the write-down of fixed assets, and £7.9m of goodwill written off.

The losses and exceptional charges have cut shareholders' funds from £19.6m to £3.42m. This has raised gearing from 39 per cent to 271 per cent, putting the group in breach of its banking facilities.

Ernst & Young, the auditors, pointed out that the accounts have been drawn up on a going concern basis, dependent on future funding being made available. The notes say there is "fundamental uncertainty as to the appropriateness of the going concern basis".

The banks have extended the group's facilities until the end of August. The board believes that talks "will result in the provision of new financing arrangements for the group".

The reappraisal of fixed assets was related to the group's plans, announced last February, to acquire a large, privately-owned construction group. But market conditions have prevented the deal from going through.

The group has called in a new management team headed by Mr Michael Gurner, an associate director of Postern Executive Group, a management consultancy firm specialising in financial reconstruction. Mr Owen Rout, acting chief executive since June 1993, is relinquishing his executive responsibilities and will resign from the board at the AGM.

Lord Parkinson said in his statement that 1993 had "proved to be a demanding year". But the group had made reasonable progress in its strategy to get back to the profitable core business of landfill and the extraction of aggregates and other minerals.

Losses on continuing operations rose from £4.34m to £13.3m, including a profit of £228,000 from acquisitions.

Total turnover fell to £16.3m from £18.7m in 1992, when the pre-tax loss was £11.9m.

Interest payable rose from £713,000 to £931,000, reflecting higher borrowings.

Losses per share were 6.6p (3.6p). There is again no final dividend.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	21.99	11.97	15.30
0100	16.52	10.90	10.90
0130	16.52	10.90	10.90
0200	16.52	10.90	10.90
0230	16.52	10.90	10.90
0300	16.52	10.90	10.90
0330	16.52	10.90	10.90
0400	16.52	10.90	10.90
0430	16.52	10.90	10.90
0500	16.52	10.90	10.90
0530	16.70	10.75	10.75
0600	16.70	10.90	10.90
0630	16.70	10.90	10.90
0700	22.45	12.11	15.45
0730	23.98	22.35	25.68
0800	25.93	23.31	28.65
0830	23.93	24.17	27.51
0900	25.13	24.83	28.16
0930	30.65	34.99	38.32
1000	30.65	37.96	41.29
1030	27.81	37.95	41.29
1100	30.68	24.83	28.16
1130	35.14	24.83	28.16
1200	38.12	24.83	28.16
1230	38.09	24.83	28.16
1300	30.64	24.83	28.16
1330	27.74	24.83	28.16
1400	24.88	24.78	28.10
1430	24.87	23.74	27.07
1500	23.98	23.74	27.07
1530	23.98	23.74	27.07
1600	23.98	23.74	27.07
1630	23.98	23.74	27.07
1700	34.99	23.74	27.07
1730	34.99	23.74	27.07
1800	23.98	23.58	26.92
1830	23.98	23.58	26.92
1900	23.82	22.35	25.69
1930	23.58	22.35	25.69
2000	23.58	21.94	25.27
2030	23.42	21.49	24.83
2100	23.42	20.89	24.22
2130	28.81	20.89	24.22
2200	38.48	34.99	38.32
2230	38.48	34.99	38.32
2300	38.48	34.21	37.55
2330	38.48	15.02	18.36
2400	23.42	14.63	17.96

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone [illegible] between 8.30am and 5.15pm Monday to Friday.
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CONTRACTS & TENDERS

REPUBLIC OF MOZAMBIQUE
MINISTRY OF CONSTRUCTION AND WATER

NATIONAL DIRECTORATE OF ROADS AND BRIDGES

Tender No. 103/EQ/94
Date: 27th June, 1994

Supply of Equipment for the Establishment and Running of Routine Maintenance Organization for the Beira/Machipanda Road, Phase 2

1. The Government of the Republic of Mozambique has received a loan from the African Development Bank (ADB) in various currencies towards the cost of the Establishment and Running of a Routine Maintenance Organization for the Beira - Machipanda Road Phase 2 and it is intended that part of the proceeds of this loan will be applied to eligible payments under the contract for Supply of Equipment.
2. The National Directorate of Roads and Bridges now invites sealed bids from eligible Bidders for the supply of the following equipment:

   Group A: 2 Bulldozers
   Group B: 2 Water Tankers w/spray bar and 2 Tipper trucks
   Group C: 2 Agricultural tractors w/grass cutting machine and 6 Pedestrian vibrating roller
   Group D: 4 Compressor and 2 Welding machine sets (diesel)

   plus 20% spare parts quoted separately for each item.

   The equipment is dividend into four groups and bidding for only one or more full groups will be acceptable.
3. The invitation to bid is open to suppliers from state participants of the African Development Fund or Member Countries of African Development Bank.
4. Domestic preference, according to the Fund's procedures, shall be given to the purchase of locally manufactured equipment.
5. Interested eligible Bidder may obtain further information from:

   National Directorate of Roads and Bridges (DNEP)
   Av. de Moçambique 1225
   Caixa Postal 403
   Telex: 6 - 471 DEP MO
   Fax: 475290, 475533
   Maputo - Mozambique.
6. A complete set of Bidding Documents may be purchased by an interested eligible Bidder on the submission of a written application to the above and upon payment of a non-refundable fee of 150 US$.
7. All bids must be accompanied by a security of 5% of the Bid Amount and must be delivered to the above office on or before 15.00 hours on 12th August, 1994.
8. Bids will be opened in public at 15:00 hours on the closing date of the tenders at the office of the National Directorate of Roads and Bridges (DNEP).

RTZ gold mines may be sold to Royal Oak

By Kenneth Gooding, Mining Correspondent

RTZ, the world's biggest mining group, is believed to be negotiating to sell most of its US gold mines to Royal Oak Mines, the ambitious Vancouver-based company headed by Mrs Margaret "Peggy" Witte.

Neither company would comment on market rumours about the potential deal, fuelled by Mrs Witte's comments at Royal Oak's annual meeting on June 17.

She said the company was considering acquiring a large gold producing property or amalgamating with another intermediate-sized producer with the aim of doubling gold output from the 500,000 troy ounces projected for 1996.

This would put Royal Oak – which was formed by Mrs Witte in 1991 from the merger of five "penny" stocks – among the handful of world gold companies with an annual output of 1m ounces.

Mrs Witte, a 41-year-old, US-born metallurgist, said the potential target was not Canadian and that she expected to release details by mid-summer.

Analysts suggested that the tone of Mrs Witte's comments indicated that the deal would be friendly and the most likely candidate was Kennecott Minerals, which incorporates most of RTZ's US gold mines.

Kennecott owns and operates three open pit gold mines: Ridgeway in South Carolina; Barneys Canyon in Utah and Rawhide (51 per cent-controlled) in Nevada.

In addition, Kennecott has a 40 per cent partnership interest in the Cortez mine in Nevada which is managed by Placer Dome of Canada, and owns and operates the Flambeau copper and gold open pit mine in Wisconsin. Last year RTZ's share of production from these mines was 411,000 ounces.

Analysts suggested that RTZ has never been particularly keen on gold, and the mines apparently for sale are not of the quality or scale it prefers. The group quickly sold three similar gold mines it acquired in the US last year with the Nerco coal business.

At present investors are paying about $120 (£79) an ounce for "gold in the ground" in the US. Reserves at the Kennecott mines total about 2m ounces, giving a theoretical market value of $240m.

Cheltenham & Gloucester reopens its doors to savers

By Alison Smith

Cheltenham & Gloucester Building Society is to reopen its doors to savers today. The decision ends a three-week period when the society stopped taking deposits after the High Court ruling which disallowed the terms of Lloyds Bank's £1.8bn agreed cash bid.

The new accounts are all deposit – rather than share – accounts, meaning that investors will not become members of the society and will have no voting rights.

Mr Andrew Longhurst, chief executive, said it was not appropriate for new shareholders to join C&G while it was still working on a revised cash payments plan in order to meet the terms of the court ruling "as an alternative to making an appeal."

Sir Donald Nicholls, the vice-chancellor, ruled that the provisions of the 1986 Building Societies Act barred the 220,000-plus C&G investors who had been shareholding members of the society for less than two years from receiving cash payments.

C&G has not ruled out an appeal. But a decision on whether to launch an expedited appeal would have to come within 28 days of the formal court order which was made last week. C&G is likely to announce its intention within the first half of this month.

If the society can devise a new cash payments scheme which is lawful and looks likely to deliver the necessary high proportions of support from members, then such a course would appear preferable to risking the delay which even an expedited appeal process would mean.

That is the prospect which seems to lie behind C&G's ban on new members, even though those joining now would not be able to vote on the Lloyds offer in terms of the original schedule.

The society closed its savings accounts because it believed that even though the court ruling would not allow new depositors to receive a windfall benefit from the Lloyds offer, some potential customers might wrongly interpret the judgment.

The three new accounts – the London account, the Gold deposit account and the Tessa deposit account – offer the same rates of interest as the share accounts they replace.

MBO at GKN vending unit

By Paul Cheeseright

The management of GKN Vending Services has staged a £7.6m buy-out from GKN, the engineering group, and changed the name of the company to Vendcare Services.

In 1993 GKN Vending Services made pre-tax profits of £1.1m on sales of £17.1m.

The buy-out team, led by Mr Rod Tompsett, managing director, was advised by Touche Ross. Equity funding came from Prudential Venture Managers and senior debt from NatWest.

Eurocamp forecasts 'significant' progress

By David Blackwell

Eurocamp, the tour operator specialising in self-drive camping holidays, yesterday reported an increased interim loss, but forecast "a significantly improved" result for the full year.

In the half-year to April the pre-tax loss rose from £5.12m to £5.88m.

Turnover fell from £368,000 to £316,000, reflecting a fall in demand for Easter breaks to Euro Disney.

An interim loss is normal for the group, which relies heavily on the second half for the bulk of its revenues. Sales for the last full-year were £56.7m, and pre-tax profits were £6.25m.

The shares closed 8p ahead at 265p.

Mr Gordon Harman, finance director, said yesterday that overall bookings had increased by 20 per cent for the coming season. Only part of the gains reflected an element of recovery in both the camping market and the market for French holidays.

Camp site occupancy rates, which fell 6 per cent last year, were improving, and there had been "substantial growth" in mobile home, or caravan, bookings, which now represented 21 per cent of total bookings, up from a previous 17 per cent.

Margins declined last year from 15 per cent to 11 per cent. A small improvement is seen this year, but Mr Harman did not expect them to regain 15 per cent for some time. Nevertheless, margins were good by tourist industry standards.

Germany and the Netherlands were now responsible for 50 per cent of total bookings, and were showing good demand for mobile homes.

Mr Harman believed the mobile homes sector of the business and the sale of holidays through travel agencies were potential areas for further growth.

Losses per share were 15.2p, up from 13.2p. Theinterim dividend is increased from 3.45p to 3.6p.

Margins improve in tank container division as volumes rise by 45%

Hadleigh advances to £832,000

By Caroline Southey

Higher operating margins in its tank container division helped Hadleigh Industries, the USM-quoted storage tank and trailer manufacturer, continue the improvement seen at the interim stage.

Following its return to the black after six months, pre-tax profits for the year to April 1 were £832,000, against FRS 3-restated losses of £329,000.

Operating profits surged from £170,000 to £1.14m on turnover of £31m (£27.3m). Net interest payable was £309,000 (£499,000) as borrowings fell from £2.34m to £1.51m, reducing gearing from 44 to 26 per cent.

Gross margins improved from 15.8 to 17.1 per cent as sales per employee rose by 9 per cent to £72,058 (£66,325).

Mr Freddie Fane, chairman, said the strategy to focus on the core engineering businesses had proved correct and future development would be centred on these activities.

The tank container division, Universal Bulk Handling, which contributed £14m to turnover, saw volumes rise by 45 per cent. The division finished the year with a £10m order book and has opened sales offices in Chicago and Singapore.

Mr Anthony Cookson, chief executive, said Hadleigh saw the US and east Asia as target growth markets. "We will be looking for acquisitions to achieve this."

Mr Cookson said production facilities for Cookson and Zin, the storage tank and pressure vessels division, would be expanded to meet increased demand for stainless steel containers.

He added that AI International, the maintenance division, and Truckline, the distribution facility, continued to generate profits but Lynton, the lossmaking Manchester-based lightweight trailers manufacturer, would be disposed of.

Mr Fane announced he would stand down as chairman at the next annual meeting but remain as a non-executive director. He will be replaced by Mr Don McFarlane, a non-executive director for two years.

A proposed final dividend of 1.5p makes a total for the year of 2p (0.5p) from earnings per share of 9p, against losses of 3p.

Expansion widens British Bio loss

By Paul Abrahams

British Bio-technology Group, the UK's leading biotechnology company, yesterday reported pre-tax losses of £21.5m for the year to April 30 – which was within forecast. The result compared with losses of £13.1m last time.

Mr James Noble, finance director, said the increased losses were primarily caused by a rise in expenditure, which increased from £20.2m to £25.5m, mostly linked to additional research and development.

"At the beginning of the year there were less than 100 people who had taken our drugs, now there are more than 1,000," he said.

The result was also affected by a fall in net interest received from £4.21m to £1.66m.

Income totalled £3.99m (£7.85m) of which £1.67m (£5.33m) related to British Biotechnology Products which was sold in July 1993. Of the continuing income of £2.3m about £1m was from government grants, and most of the rest from research agreements with Techne of the US and Glaxo.

The company has set up a commercial department and US office which cost a combined £1m.

The group had net cash of £28.6m at the end of the financial year. Net proceeds from the rights issue in May this year were £45.8m.

Dr Keith McCullagh, chief executive, said no further funding should be required until after the exercise of £47.6m of warrants in January 1996. These are priced at 525p per share.

Yesterday, the shares closed unchanged at 365p.

Mr Noble said the available funding was sufficient for the company to develop its lead compound, Batimastat, an anti-cancer drug, and submit it to the European Agency for the Evaluation of Medicinal Products in 1996. The drug is presently in phase II trials to evaluate its effectiveness.

Mr Noble said the company would market Batimastat itself. He believed the group could reach the specialist oncology market with a salesforce of only 110 in Europe and 80 in the US.

The company said it was looking for partners to help it develop products outside the cancer area in an effort to keep down costs. The company already has an agreement with Glaxo for an asthma compound.

RANDGOLD

Durban Roodepoort Deep, Limited

(Incorporated in the Republic of South Africa) Registration No. 01/00926/06

ISSUED CAPITAL: R2 325 000 IN 2 325 000 SHARES

Report for the Quarter ended 30 June 1994

OPERATING RESULTS

	Quarter ended 30-06-1994	Quarter ended 31-03-1994	6 months ended 30-6-1994
Underground operations			
Ore milled – t'000	225	229	454
Gold produced – kg	807	915	1 722
Yield – g/t	3.59	4.00	3.79
Revenue – R/kg	42 261	39 590	40 828
Cost – R/kg	55 509	45 442	50 160
Working loss – R/kg	13 248	5 852	9 332
Revenue – R/t milled	151.58	158.19	154.86
Cost – R/t milled	199.09	181.57	190.25
Working loss – R/t milled	47.51	23.38	35.39
Sand treatment			
Sand treated – t'000	269	311	580
Gold produced – kg	152	194	346
Yield – g/t	0.57	0.62	0.60
Revenue – R/kg	42 261	39 590	40 828
Cost – R/kg	29 962	22 507	25 782
Working profit – R/kg	12 299	17 083	15 046
Revenue – R/t treated	23.88	24.70	24.36
Cost – R/t treated	16.93	14.04	15.38
Working profit – R/t treated	6.95	10.66	8.98
FINANCIAL RESULTS (R000's)			
Revenue	40 528	43 905	84 433
Cost	49 350	45 946	95 296
Working loss	(8 822)	(2 041)	(10 863)
Sundry revenue – net	905	478	1 383
Loss before taxation and State's share of profit	(7 917)	(1 563)	(9 480)
Taxation and State's share of profit	–	–	–
Loss after taxation and State's share of profit	(7 917)	(1 563)	(9 480)
Capital recoupments – net	15	384	399

OPERATIONS

Underground

As stated in the cautionary announcement dated Monday, 27 June 1994 following investigations into the future viability of underground operations, and the inability of the mine to achieve the required improvements in production and productivity, the directors have decided to cease underground operations as soon as is practical. Reclamation, rehabilitation and the disposal of surplus assets will commence subsequent to the cessation of underground operations.

Discussions in respect of standby State assistance to meet future funding requirements were not concluded.

Sand

Production was down due to loss of tonnage over the election period and operational factors. Optimising of future sand operations is being addressed. Costs are anticipated to increase due to the absorption of certain overhead costs previously charged to the underground operation.

GENERAL

Negotiations with representatives of employees have commenced. A loss is expected in the forthcoming quarter as the costs of the underground closure are incurred.

HEDGING

At the end of the quarter, the company had the following hedging contracts:

Quarter ending 31 December	Kilograms sold	Average price per kilogram
1994	100	R41 875

PUMPING ASSISTANCE

Assistance totalling R3.0 million (previous quarter R2.35 million) for the pumping of extraneous water was claimed from the State during the quarter. Working costs are reflected net of this assistance. In terms of the current agreement, future assistance will be reviewed.

CAPITAL EXPENDITURE

There are no commitments for capital expenditure. (Previous quarter nil).

REGISTERED OFFICE
Randgold House
Cnr Northern Parkway
and Handel Road, Ormonde
JOHANNESBURG 2091

UNITED KINGDOM SECRETARIES
Viaduct Corporate Services Limited
19 Charterhouse Street,
London EC1N 6QP

For and on behalf of the board,
J P S. TURNER, Chairman
P VOS, Managing Director

30 June 1994

Notice of Interest Payment
To Extended Term Debenture Holders

K Mart (Australia) Finance Limited
Extended Term Debentures due 2002

Shawmut Bank Connecticut, National Association as Trustee for K Mart (Australia) Finance Limited Extended Term Debentures due 2002 under an Indenture dated as of July 1, 1976 between K Mart (Australia) Finance Limited and Shawmut Bank Connecticut, National Association hereby confirms the following.

For the Period to June 30, 1995.

1. The Minimum Redemption Price per $1,000 principal amount of Extended Term Debentures is $605.44.
2. The principal amount outstanding of each Extended Term Debenture is their face value, $1,000, $10,000 and $100,000, respectively.
3. The interest payable on July 1, 1995 will be $120.31 per $1,000 principal amount of Extended Term Debentures.

Shawmut Bank Connecticut, National Association
as Successor Trustee to
National Westminster Bank USA

July 1, 1994

CCF

Crédit Commercial de France

Lire 150,000,000,000 Floating Rate Notes due 1998

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the Interest Period from June 30, 1994 to September 30, 1994, the Notes will carry an Interest Rate of 8.25% per annum.

The Coupon Amount payable on the relevant Interest Payment Date, September 30, 1994 will be Lire 105,417 per Lire 5,000,000 nominal amount of Note and Lire 1,054,167 per Lire 50,000,000 nominal amount of Note.

The Agent Bank
Kredietbank Luxembourg

USD 200,000,000

BANESTO FINANCE LIMITED

Subordinated Floating Rate Notes due 1994

Interest Rate 5.46563% p a

Interest Period June 30, 1994 September 30, 1994

Interest Amount due on September 30, 1994 per USD 1,000,000 USD 13,967.72

Banque Générale du Luxembourg
Agent Bank

Notice of Interest Rate To Holders of

Republica Federativa do Brasil

Series A-L IDU Bonds Due 2001

Notice is hereby given that the Bonds will bear interest at 6.0625 per cent per annum for the 186 day period from 1 July 1994 to but excluding 3 January 1995. Interest payable on the Bonds on 3 January 1995 amounts to US$31.32 per US$1,000 principal amount outstanding.

MORGAN GUARANTY TRUST COMPANY OF NEW YORK
as Fiscal Agent and Calculation Agent

Financial Times Annual Report Service

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CAE Inc.

CAE is the world leader in simulation and training systems. The company's strong commitment to R&D has enabled CAE to enter new markets. Two examples of the success of this strategy are MAXVUE™, CAE's visual system, and the GEN 3™ energy management system. The company also leverages proprietary technology and precision manufacturing capabilities to enhance its leadership position in a number of niche industrial markets.
With headquarters in Toronto, the company's common shares are listed on the Toronto and Montreal Stock Exchanges under the symbol"CAE".

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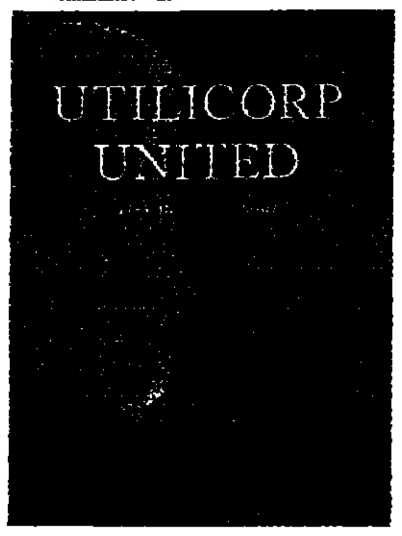

UtiliCorp United

At the forefront of change in the U.S. utility industry for nearly a decade, UtiliCorp United (NYSE:UCU) today is uniquely positioned to succeed in deregulated energy markets. It operates electric and gas utilities in eight states and British Columbia; produces, processes and markets natural gas in North America; owns independent power projects; markets natural gas in Great Britain through joint ventures with six regional electric companies; and has electric utility interests in New Zealand.

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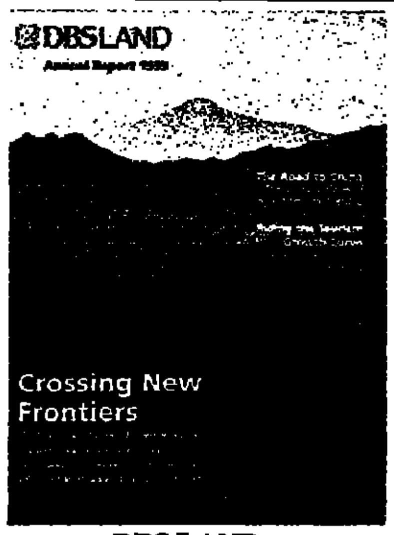

DBS LAND

DBS Land is one of the largest Singapore property groups listed on the Singapore Stock Exchange and a leader in the Singapore property market. It has assets of more than S$3.7 billion in prime commercial, hotel, industrial, residential and leisure properties in strategic locations. DBS Land's portfolio also includes residential, commercial, industrial and hotel properties in Malaysia, Indonesia, Hong Kong, China, Sri Lanka and Vietnam. 48 Singapore and overseas subsidiaries carry out the Group's core business of property, investment and development, hotel management and related business. As at December 1993, DBS Land's profit after taxation increased by 35.3% to S$78.7 million. The Group's turnover rose 4.1% to S$302 million.

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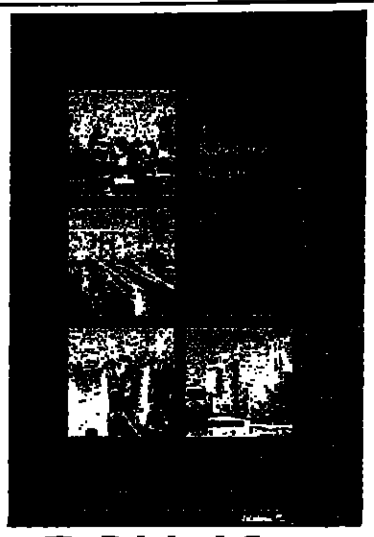

The Rabobank Group

With total assets of NLG 253.2 billion the Dutch Rabobank Group ranks among the top 20 banks in Europe and the top 50 worldwide. Over the past two decades, the bank has gradually expanded its international network to cover strategic geographic areas. It comprises now 47 offices in the world's major financial and commercial centres. The Group's 'central bank', Rabobank Nederland, operates as a wholesale house, specializing in serving major national and international corporations and in operations on the financial markets. Besides dealing room and treasury activities, the bank offers corporate finance services (including consultancy on mergers, acquisitions and participations) as well as a comprehensive package of international services through its international network.

101


Avesta Sheffield AB

Avesta Sheffield is one of the world's major manufacturers and distributors of stainless steel with a comprehensive product programme.
Avesta Sheffield employs 8,100 people and has a turnover of approximately SEK 14 billion.
The group has manufacturing facilities in Sweden, the UK and the USA. It has sales companies in 20 countries, service centres in the major markets and 30 agents throughout the world.
Specialisation in stainless steel and integrated process routes from raw materials to finished products contribute to low costs and superior customer service.

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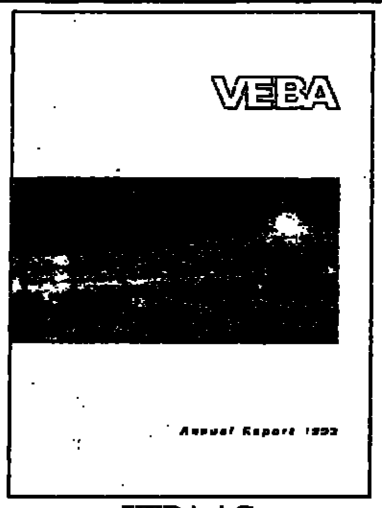

VEBA AG

Creating Shareholder Value

Headquartered in Düsseldorf, Germany, VEBA is one of the largest publicly owned European companies with approx. 500,000 shareholders. In 1993 the Group's 128,348 employees worldwide generated sales totalling DM 66.3 billion. While earnings amounted to DM 1.2 billion, earnings per share were DM 24.75. Through its fleet of companies, VEBA is active in the fields of Electricity, Chemicals, Oil, Trading/Transportation/Services. Aside from its international market approach, the company continues to focus its efforts on high value-added activities, and thus remains committed to creating value for its shareholders.

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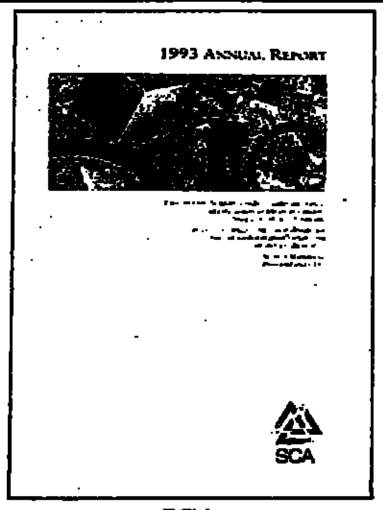

SCA

SCA is a strong, consumer-oriented company in the fields of hygiene products and packaging which account for about 2/3 of consolidated sales. High value-added printing papers and sawn timber are other significant areas. In its production, SCA uses as much recycled fiber as it does virgin fiber from the forest. SCA employs a work force of approx 25,000 in some 20 countries, half of whom are employed within the EC. Markets outside Sweden account for about 85 percent of sales. Europe is the primary market.
SCA in brief: Net sales SEK 33,420 M (32,137). Earnings after financial net SEK 1,210 M (451). Earnings per share SEK 5.82 (1.99). Equity/assets ratio 47% (41). Shareholders equity incl minority interest SEK 20,879 M (19.091).

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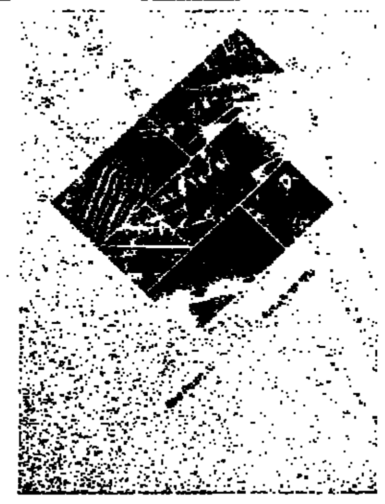

RIETER

Rieter, a Swiss based group with global presence and CHF 1655 million sales in 1993, is the only company worldwide which commands the entire know how in fiber manufacturing and processing, based on both cotton and plastics. In its divisions Spinning Systems and Chemical Fiber Systems, Rieter develops and produces machines and fully integrated spinning systems. The Unikeller division is European market leader in noise control and thermal insulation components for vehicles.

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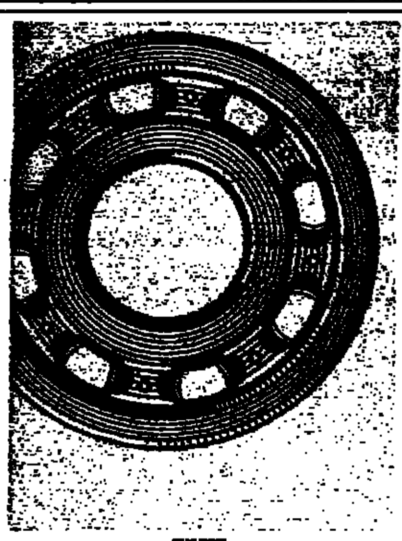

SKF

SKF is the world leader in rolling bearings, with a market share of 20%. Bearings and seals are the Group's core business and accounted for 90% of total Group sales which in 1993 amounted to SEK 29200 million. The manufacturing is carried out in around 90 factories in 15 countries. The sales organisation consists of wholly owned sales companies and more than 7000 industrial distributors together covering some 130 countries in the world.

106


TVX Gold Inc.

TVX Gold Inc. is a Canadian based growth oriented international mining company with 1993 gold and gold equivalent production of a record 439,000 ounces at an average cash cost of $172 per ounce from its interests in six operating gold mines located in North and South America. The strengths of TVX Gold include quality reserves, long mine life, low average cash costs and increasing production, and a new, experienced and aggressive management team.

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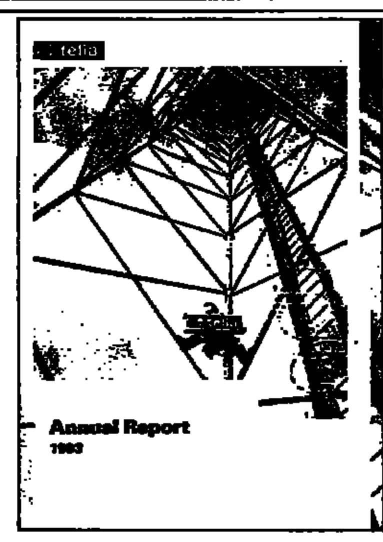

Telia

The Telia Group offers public and private networks for telephony, data communications and mobile telephony. Together with PTT Netherlands and Swiss PTT, Telia is a co-owner of Unisource. In 1993, The Telia Group's revenues totalled USD $4.5 Billion. Return on capital employed was 14.5 %. Telia invested a total of USD 910 million.

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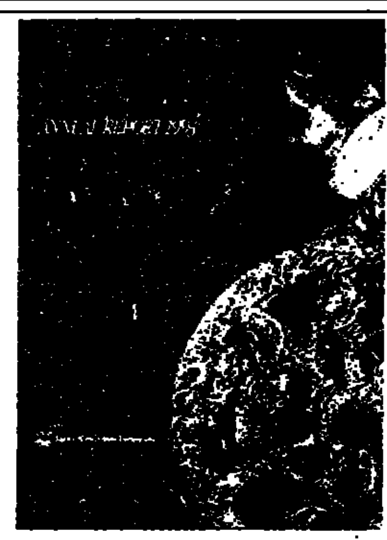

Banco Commercial Português

In spite of the worsening of the Portuguese economy BCP had another successful year. Two specialised banks started up, one in merchant banking, CISF - Banco de Investimento, and another in mortgage financing, Banco de Investimento Imobiliário. Also, a 50% stake in Banco Banif de Gestión Privada, in Spain, was acquired while the opening of our Macao branch allows BCP into booming Southeast Asia, taking advantage of the existing synergies. Finally, in 1993 total assets increased 26,7% (up to PTE 1.927 B) net interest income 23,7% (up to PTE 71.9 B), in cash flow 33,9% (up to PTE 75 B) and shareholders' equity 9% (up to PTE 166 B). The solvency ratio, on a consolidated basis, was 15%.

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STATOIL

Statoil is an integrated Norwegian oil and gas company and ranks as the leading operator on Norway's continental shelf. Operations are also pursued in 20 other countries. The group reported a profit before taxation of NOK 12 billion in 1993 as against NOK 9.9 billion the year before. This increase was due to a high level of production, a reduction in operating costs and improved financial results. Statoil is organised in four business areas - Exploration & Production, Natural Gas, Oil Trading & Shipping and Refining & Marketing. From 1994 Statoil's involvement in Petrochemicals has been transferred to Borealis, a new petrochemical company owned 50 per cent by Statoil and 50 per cent by Neste. After the hive-off of its petrochemical operations in 1994, the group has about 12,000 employees.

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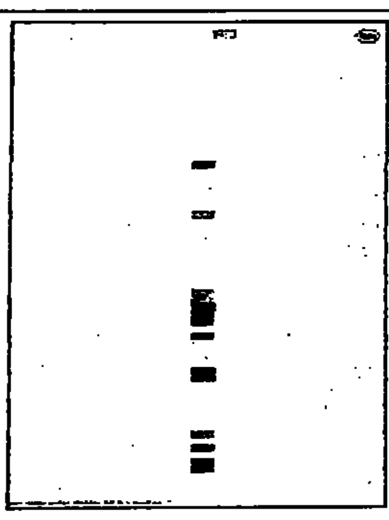

Roche

Roche is a Swiss-based international health care group employing over 56,000 people worldwide. It is a research-driven company with a leading position in biotechnology and activities covering the entire health spectrum of prevention, diagnosis and treatment of disease. Roche has gained a high reputation for the quality of its innovative research and the original contributions it has made to the development of new drugs. In addition to pharmaceuticals Roche is also engaged in the fields of vitamins and fine chemicals, diagnostics, fragrances and flavours. In 1993 Roche Group consolidated sales rose 11% to reach Sfr. 14,315 million. Consolidated net income grew 29% to Sfr. 2,478 million. Groupwide Sfr. 2,163 or 15% of total group sales were devoted to research and development. This is an increase of Sfr. 165 million or 8%.

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Roberts Pharmaceuticals

Roberts Pharmaceuticals (NASDAQ:RPCX) is fast realizing its goal of becoming a major pharmaceutical company whose diverse products contribute to the health and well-being of all age groups. Roberts has successfully combined an aggressive product development program with strategic acquisitions, to create a profitable company with a well-balanced product portfolio concentrated in six major therapeutic categories.

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SULZER

Sulzer is a market-oriented, internationally leading Technology Corporation based in Winterthur, Switzerland, employing over 30,000 co-workers worldwide. Sulzer is active in the following markets: Weaving Machinery, Plant and Building Services, Medical Technology, Process Engineering, Reciprocating Compressors, Locomotives, Surface Technology, Thermal Power Systems, Hydraulics, Thermal Turbomachinery, Paper Technology and Pumps.
In 1993, despite poor economic conditions in many of its markets, Sulzer increased its net income by 11% with a slightly reduced sales and order intake; net value added per employee rose by 3.5%.

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99 ☐ DBS Land	103 ☐ SCA	107 ☐ Telia	111 ☐ Roberts Pharmaceuticals
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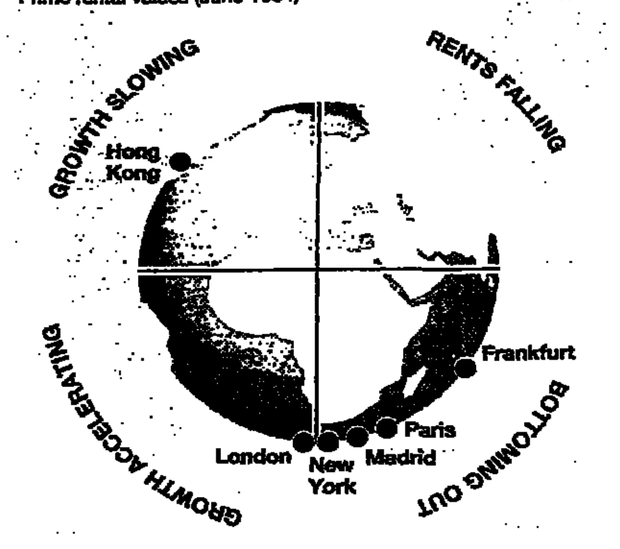
PUBLIC NOTICES

PROPERTY

Atlantic alliance

The outlook for the US and west European markets is positive, writes Chris Bartram

The property rental cycle
Prime rental values (June 1994)



Source: Jones Lang Wootton

Signs are emerging of rising investment activity by US property groups in Europe at the same time as a corresponding show of interest by their European counterparts in the American market.

This intriguing cross-Atlantic activity reflects the difference in the speed at which markets are moving in America and Europe.

The speed of the rise in UK commercial property values over the past 18 months, for instance, has been greater than anyone had forecast. However, the high returns that have been generated are now at risk with the present rise in long-term UK interest rates. This vulnerability is most evident in over-rented investments – where rental income is considerably in excess of today's rental value.

As a consequence, there is increasing interest in so-called 'rack-rented' investments – where income is equal to present market value – currently the focus of domestic investor activity in the UK largely on the back of rising confidence in the outlook for rental growth.

A strong home market – such as the UK's – is often the precursor to a move overseas by investors. This appears to have been the case for German investors recently and the same factor may underlie confidence among UK institutions' renewed engagement in European and US markets.

In west Germany commercial property yields in all sectors in the big cities remain stable and are supported by the liquid German open-ended funds (dedicated property investment vehicles similar to unit trusts).

It is unsurprising, therefore, that German open-ended funds have been active abroad in the 24 months since they were given the freedom to invest outside of Germany. Today, there is still an advantage for these funds to invest in the UK compared with their own domestic markets because property offers a higher yield.

France, in contrast, has a quiet investment market and evidence of market activity is scarce. Transfer costs associated with property purchases in France add an additional 15 per cent to the overall cost, largely because of the high level of stamp duty (in the UK total transfer costs is a relatively low 3 per cent), a deterrent to overseas groups weighing the various merits of different markets.

Spain, too, is the focus of attention from UK and other international investors. After three poor years for property, values look relatively cheap and the prospects for growth are considered excellent in an economy emerging from recession. In both retail and office sectors investors expect good growth and recent changes in landlord and tenant law are regarded as helpful to investment returns.

A strong home market is often the precursor to a move overseas by investors

Dutch and Belgian markets appear to be missing out on overseas investor scrutiny; activity in Belgium in particular is low. Dutch institutions and property funds have nevertheless always been at the forefront of those groups active overseas, with renewed interest in the UK, US and other European markets typical of Dutch overseas forays.

In the US, in all sectors of prime commercial property other than the best shopping malls, yields are in the region of 8-10 per cent, while in selected locations improved rental values are forecast within the next 12-18 months. This suggests that on the international stage the US looks to be one of the most attractive markets.

The combination of good growth prospects in rental value in the medium term, the high initial yield and the ability to borrow locally at competitive rates make the US a compelling target for international investors. German, UK and Dutch investors as well as Middle Eastern and far eastern groups are all actively looking at the US market.

Continental European markets all have some attraction for UK investors with Spain and France receiving particular attention. These markets are nevertheless relatively illiquid compared with the UK; in addition, with the exception of Paris which is a larger office market than London, the big cities of the continent are small by comparison with UK or US investment locations.

Continental cities' capacity to absorb large international investor cash flows may therefore curb the overall level of activity. By the same token, those quickest off the mark in identifying opportunities in relatively small European markets are likely to be well rewarded.

The principal US investors interested in Europe are the larger pension funds keen to diversify beyond America. US funds' interest in Europe is gathering pace at the same time as an increasing awareness of the attractions of their home market. American investors will inevitably be better placed to spot opportunities in their own backyard in the face of rising interest from European competitors.

As the year unfolds, activity is likely to accelerate in markets on both sides of the Atlantic. The speed of change has already surprised market observers in the UK and it is gathering pace in the US. By contrast most leading European capitals are lagging but the attention being paid to these markets suggests that activity may soon rise there too.

Investors are motivated by the search for high yields combined with good quality growth prospects – a heady cocktail for those in economies with low growth prospects and high real interest rates.

However, it is possible that there will be an insufficient number of quality properties on the market for the large pool of investment funds available; if this situation arises, it will add an extra dimension to the debate about the interplay between property prices and long-term interest rates.

The present fragility of prices in the UK for over-rented investments represents the first round in this encounter.

The author is chairman of Jones Lang Wootton Fund Management

COMMERCIAL PROPERTY

هيكل أحمد رسول

Financial Times Annual Report Service

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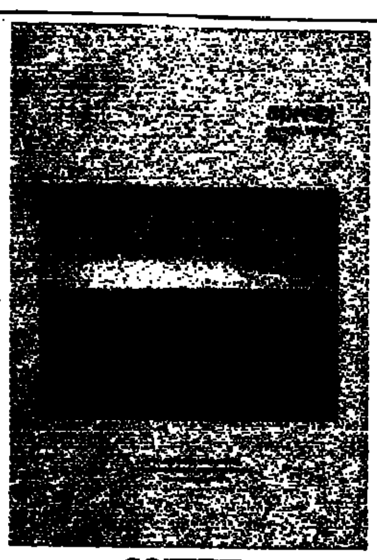


SOFFEX

SOFFEX - Swiss Options and Financial Futures Exchange is the Swiss-wide fully integrated electronic Exchange for derivative products. The product range with options on Swiss blue-chip shares and the Swiss Market Index (SMI) as well as futures on the SMI and long-term government bonds meets the needs of all portfolio managers active in the Swiss franc sector.

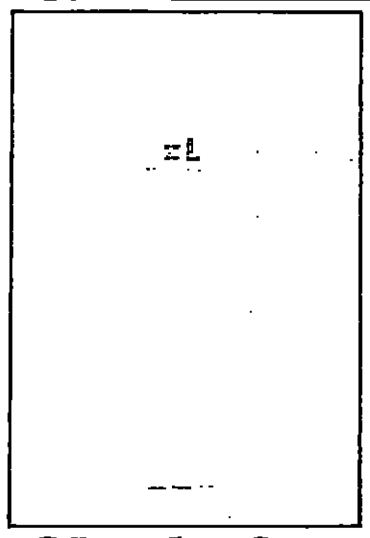
Market position in Europe 1993: 1st place in stock options, 2nd in index options.

114

Esselte

Esselte is a worldwide Group focusing on manufacture and distribution of products for offices and retail stores. The Group has slightly more than 11,000 employees, of whom 460 are located in Sweden. Operations are conducted primarily in Western Europe and North America.
Sales for 1993 amounted to SEK 11,843 m, an increase of 20 percent, compared with the preceding year. Income before tax was SEK 301 m (-11). Return on capital employed increased to 8.3 percent (5.1). Income per share after tax was SEK 4.30 and proposed dividend SEK 2.75 per share.

115



Zellweger Luwa Group

With branches in over 20 countries throughout the world, the Swiss Zellweger Luwa Group has some 6,900 employees. Operations cover the following areas: Textile Systems, Energy, Environmental Monitoring, Ventilating and Air-conditioning Systems, and Building Services. In 1993, consolidated sales came to Swiss Francs 979.8 million.

116

LIPPOBANK

Lippobank, established in 1948, is one of Indonesia's leading commercial banks. Among publicly-listed banks it has the largest network of all, with more than 220 branches throughout Indonesia. It has representative offices in Sydney, Kuala Lumpur, Bangkok, Manila, Hanoi and Ho Chi Minh City. As part of the Lippo Group of companies, Lippobank has subsidiaries and financial services affiliates in Hong Kong, Singapore, China, Thailand, Australia and California - and either directly or via the Lippo Group, joint venture alliances in Indonesia with eminent banking names such as Bankers Trust, Tokai Bank, Daiwa Bank and Banque Nationale de Paris. The shares of Lippobank are actively traded on the Indonesian stock exchanges.

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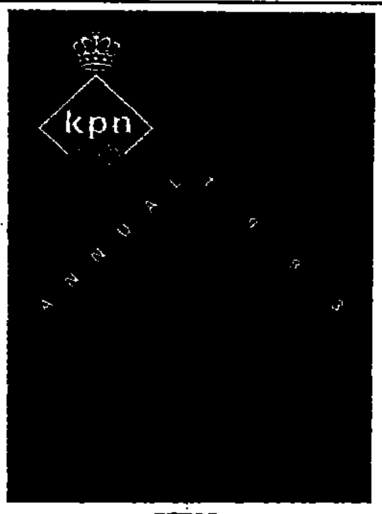
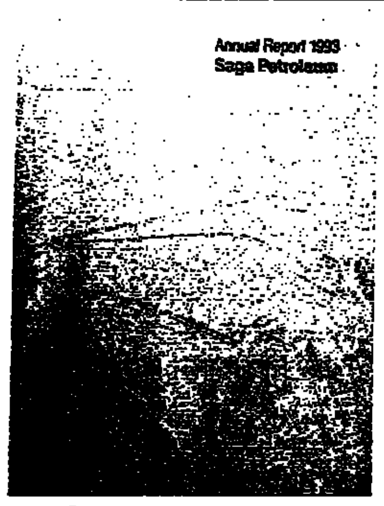


KPN

1993 was again a good year for Royal PTT Nederland. Net income increased by almost 8% to NLG 1,795 million. The dividend was raised to 50% of this amount, rounded up to NLG 898 million. Sales increased by almost 6% to NLG 17,308 million.
Capital expenditure on property, plant and equipment was NLG 3,180 million. Group equity amounted to 49.2% of total liabilities and group equity at year end 1993.

At present, KPN expects that for 1994 the growth of sales and net income will be consistent with 1993.

118



Saga Petroleum a.s.

In 1993, Saga Petroleum had an operating profit of NOK 1 694 million and a profit before taxes of NOK 1 006 million. The Group's proved and probable oil and gas reserves total 147,4 million tonnes of oil equivalent, of which 44 per cent oil. In terms of reserves, Saga is among the largest independent upstream companies in the world. It is Saga's intention to further strengthen its position on the Norwegian shelf, and to utilise the company's expertise and capacity to gradually develop its international activities.
Saga's objective is to give the company's shareholders the highest possible return on their investment through efficient operations and strict requirements to the profitability of new projects.

119

Software AG

Software AG celebrated its 25th business year with an eight per cent rise in Group sales to DM 843 million, further confirmation of its position as one of the largest independent software vendors worldwide. More than 5,000 organisations in over 75 countries currently base their IS activities on Software AG products and services. The positive results recorded in 1993 reflect the further success and refinement during the year of our long-term strategy of positioning Software AG as a global services provider, supplying medium-sized and large enterprises with business solutions based on superior software technology.

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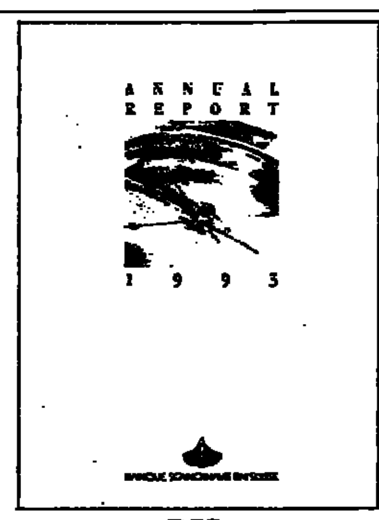

BSS

BSS is a Swiss bank with all what this implies in terms of tradition, experience, security and confidentiality. BSS is owned by the "Fondation de Famille Sandoz" and by key executives of the bank. The bank focuses on asset management for private and institutional clients and offers a wide range of securities and banking services including global custody, forex and stock exchange operations.

Financial Times Annual Report Service

This week the Financial Times published its annual report service featuring the reports of 120 international companies.

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94. ☐ Barlo Group
95. ☐ Southwestern Bell Corp.
96. ☐ Telus Corporation
97. ☐ CAE Inc.
98. ☐ UtiliCorp United
99. ☐ DBS Land
100. ☐ The Rabobank Group
101. ☐ Avesta Sheffield AB
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Further doubt cast on Russian diamond deal

By John Lloyd in Moscow

The top official in Russia's diamond industry has again cast doubt on the future agreement with the De Beers diamond monopoly – saying that Russia gets prices up to 35 per cent higher for the 5 per cent of its production it is allowed to sell outside its agreement with De Beers, the south African group that, through its London-based Central Selling Organisation, controls at least 80 per cent of world trade in rough (uncut) diamonds.

Mr Yevgeny Bychkov, head of the state committee on precious metals and stones, was speaking before the expected resumption of talks with De Beers in the middle of this month. The two sides talked in June, but were unable to settle any of the outstanding issues between them.

Exports of rough diamonds – handled by De Beers – brought in $1.3bn last year, said Mr Bychkov, while exports cut stones yielded $680m. Nearly all of this production came from the republic of Yakutia, with the Urals, the only other diamond producing region, accounting for no more than 100,000 carats.

Mr Bychkov added: "Talk of the collapse of the Russian gold industry is very much exaggerated", pointing to an increased production estimates for this year of 150 tonnes, compared with 146.8 tonnes last in 1993. Some 30 to 35 per cent of the gold produced in Russia was exported, he said.

Zinc producers conspire in their own downfall

An opportunity for a return to profitability has been missed, argues Thomas Baak

Some years ago the chief executive of a major European metals group delivered a speech on the future of the European zinc industry. To make his point he compared the decision makers in the industry with the heroes of ancient Greek plays – who acted in ways that inevitably led to their destruction.

In the end that chief executive proved a perfect example of his own analogy.

There is no predetermination, however, that the European zinc industry shall always be a loss-maker. Its failures have been caused by wrong decisions – repeated over and over again.

The present situation has been exacerbated, of course, both by the unforeseeable rise in metal supplies from the former eastern bloc countries and by the adverse business cycle. But it is not the first time that the European zinc industry has found itself in turmoil; low profitability has been its main feature for decades.

Zinc production is characterised by high fixed costs, stemming from high capital intensity and the structure of power supply contracts, which sacrifice intake flexibility for low power tariffs.

The European zinc producers, who are at a comparative cost-disadvantage, have always seen only one way to stay competitive – spreading fixed costs by expanding capacity. What makes sense for an individual producer does not, however, work in the interest the whole industry. It inevitably results in oversupply. No wonder that western Europe, a high-cost region, is punished by the lowest zinc prices.

Several attempts have been made to remedy the situation by concerted action of producers and the European Commission. The last attempt to negotiate a "shut-down agreement" failed some months ago. It was aimed at facilitating the closure of unprofitable capacity by raising money from the whole industry in order to get a balanced European zinc market. The high cost of closing a plant in Europe is the main barrier to withdrawing from the market place.

This exit barrier would have been lowered by the financial scheme of the shut down agreement. It failed mainly because the financial weakness of some of the participants encouraged others to believe that plants would be shut in any case, without the need for an injection of their money.

They hoped, in other words, that market forces would solve the problem for them. But market forces have not worked in the European zinc industry for more than 20 years. Why should they work now?

Cash-strapped companies are in no position to bear the high expenses of plant closures. In the short run at least, it costs less to keep even an unprofitable operation open.

The withdrawal of the stronger market players from the shut-down agreement has backfired, as market developments prove.

Experience in the aluminium sector shows that an agreement to cut capacities can easily boost prices by $208 a tonne. On top of that the zinc smelters would have been able to negotiate higher treatment charges, which dropped by around $40 per tonne of concentrate from 1993 to 1994. In addition removing oversupply from the European market would put the European producers into a position to earn premiums over metal from their competitors in other areas of the world.

It is not expecting too much, moreover, to presume that others, especially the Japanese producers, would follow the European lead in closing down production.

The damage to the income of the zinc industry as a consequence of the failure of the shut-down agreement adds up to enormous numbers. A loss of revenue of $100 a tonne for the smelters may be a conservative estimate – it could well be double that amount. Taking $150 a tonne as a basis for calculation it amounts to a $15m annual loss for a 100,000-tonnes-a-year operation.

Calculating the net present value for 5 years, which is not unreasonable as a shut down has a lasting effect, the result would be $57m assuming a 10 per cent discount rate. In fact the European zinc smelters could only dream of a 10 per cent profit rate over a five-year period. Therefore a discount rate of zero seems more appropriate.

For the 2m-tonnes-a-year zinc industry in western Europe the loss from not acting in a sensible manner amounts to between $1.14bn and $1.5bn – an amount from which compensation for the cost of closures could easily have been provided.

Thomas Baak, now a consultant, is a former chief economist of Metallgesellschaft, the German metals group.

Peru auctions off big, low-grade goldfield

By Sally Bowen in Lima

The rights to the vast Peruvian alluvial gold deposits known as San Antonio de Poto were successfully auctioned in Lima this week.

Vegsa-Andes Corporation, a Peruvian consortium, outbid rival Brazilian and Colombian mining concerns with an offer exceeding $8.5m for the two deposits and the fixed assets.

With the sale, handled by Morgan Grenfell, the Peruvian state rids itself of a huge but *low-grade goldfield that it has* never been capable of developing. The deposits, located on an inhospitable plateau some 5,000 metres above sea level, have been virtually abandoned for 20 years.

Vegsa-Andes says it will commence dredging operations almost immediately, moving 1.5m tonnes of gold-bearing soil next year and 5.4m tonnes in 1996.

The company will pay the Peruvian state royalties on all gold extracted varying between 2 and 10 per cent according to fluctuations in the international gold price.

Revenue from royalties is expected to total about $2m a year.

Australia expects Asian beef boost

By Nikki Tait in Sydney

Australian beef exports to North Asia could almost double over the next four years, as a result of trade liberalisation, the government-owned Australian Bureau of Agricultural and Resource Economics, forecast this week.

Abare suggested that exports to Japan and South Korea could rise to 580,000 tonnes in 1998-99, from 344,000 tonnes in 1992-93.

The increased exports should underpin prices and could take the cattle herd and beef pro*duction back to the record lev*els seen in the 1970s, the forecaster suggested.

'Growers unlikely to gain from coffee price surge'

Smallholder farmers were unlikely to benefit from the explosive price rise in coffee futures this week, TransFair, a *foundation securing Third* World growers prices above world market levels said, reports Reuter from Cologne.

"Wholesalers continue to buy coffee from the small farms at the old rock-bottom prices," claimed managing director Mr Dieter Overath.

"Farmers in countries such as Guatemala and Mexico don't even know of the Brazil frosts and the price rallies." German consumers should therefore not assume that higher retail prices meant the Third World was doing any better.

TransFair works through some 20 licensed roasters who have launched their own Third World brans, charging the consumer Dm2 to Dm3 (80p to 122p) per 500 grammes than ordinary brands cost.

When the New York price is below 165 cents a pound the difference between this level and world market prices is passed on to approved businesses. Nearby New York coffee futures were close to 190 cents a pound yesterday, but distant positions were closer to 160 cents.

TransFair pays the extra sums to family businesses, co-operatives and infrastructure projects in coffee growing regions.

It said its system was securing the long term survival of the coffee trade by offering long-term contracts and forward credits of up to 60 per cent of sales values.

TransFair has a less than 1 per cent share of the German coffee market but expects further growth from public sector catering institutions.

New Zealand to drop Woolmark

By Terry Hall in Wellington

The New Zealand Wool Board will shortly cease to use the Woolmark brand name for much of the country's wool production, it announced this week. This follows its decision to take over the interior wools division of the International Wool Secretariat.

In future the wool, most of which will end up as carpet, curtaining, bedding or upholstery fabrics, will be sold under the name Wools of New Zealand, with a new registered trade mark of a stylised black and white fern. This will be marketed internationally by the 75 IWS staff, based in offices in London, Brussels, Beijing and elsewhere, who join the wool board when the take-over becomes effective today.

The chairman, Mr Pat Morrison, said that the move was being made because New Zealand was the major producer of interior wools, and wanted a direct involvement in its production.

New Zealand will remain a member of the IWS, as will the other original partners – Australia and South Africa – and continue to contribute towards the cost of promoting apparel products. However, these account for only 20 per cent of New Zealand's wool production.

As part of the change the board will also change its operational name to Wools of New Zealand, although Mr Morrison emphasised that its role as a producer owned co-operative of farmers would remain. He said the change in name was to help ease misconceptions that the board was government-controlled.

The new identity is part of sweeping changes which include the board requesting the government to legislate away a number of regulatory functions, such as the ability to purchase the entire wool clip in troubled times.

Mr Morrison said that the board had never wanted to exercise these powers. In future it will concentrate on research, product development and promotion.

Welcoming the change of name, Mr John Falloon, the minister of agriculture, said at a parliamentary function that for many years, through its levy to the IWS, the board had funded the promotion of wools produced by other countries. "Now New Zealand farmers are directly funding the development of their own wool," he said. "That is the way it should be."

Mr Morrison said that at one time New Zealand carpet wools dominated the world trade, holding some 70 per cent of the market. But its share had dropped to 30 per cent.

MARKET REPORT

LME base metals prices move higher

Base metals prices moved higher yesterday afternoon on the London Metal Exchange and, although there was some late profit-taking, all markets finished in the plus column with most set for further gains, dealers said.

"COPPER and ALUMINIUM found the going heavy at the highs, but are still looking good. They had the reactions earlier this week, and [three months delivery] aluminium should get above $1,500 [a tonne]," one said. The aluminium price closed yesterday at $1,497.50 a tonne, up $18.75 on the day, but ended the after hours session at $1,489.

London Commodity Exchange COFFEE prices ended modestly firmer after a roller-coaster session that saw them test the downside after touching fresh 7¼-year highs in early trading. The September futures position closed $25 up at $3,128 a tonne. "We came back up on New York's regained strength," said one trader.

The market mood remained fundamentally very bullish and further gains were likely, others said, noting it was "just the start of the frost period" in the southern hemisphere.

Compiled from Reuter

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1471-2	1497-8
Previous	1450-1	1478.5-9.0
High/low	1460/1458	1498/1470
AM Official	1460-1	1485-5.5
Kerb close		1488-9
Open int.	275,911	
Total daily turnover	57,025	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1465-70	1463-5
Previous	1445-55	1465-75
High/low		1485/1460
AM Official	1455-65	1470-80
Kerb close		1485-95
Open int.	2,918	
Total daily turnover	261	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	539.5-40.5	555-7
Previous	524-5	542-3
High/low		560/535
AM Official	532-3	548-9
Kerb close		560-1
Open int.	39,587	
Total daily turnover	11,165	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	6140-50	6230-35
Previous	6100-10	6200-05
High/low	6190	6300/6140
AM Official	6190-2	6275-80
Kerb close		6200-10
Open int.	57,954	
Total daily turnover	9,506	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5240-50	5315-20
Previous	5140-50	5220-25
High/low		5370/5160
AM Official	5210-20	5285-95
Kerb close		5365-70
Open int.	18,659	
Total daily turnover	4,814	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	952-3	976-7
Previous	939-40	964-5
High/low		977/958
AM Official	947-8	970.5-1.0
Kerb close		976-7
Open int.	108,142	
Total daily turnover	21,786	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2367.5-8.5	2386-7
Previous	2355.5-6.5	2376-7
High/low	2352.5/2351	2395/2346
AM Official	2352-2.5	2369.5-70
Kerb close		2385-6
Open int.	227,998	
Total daily turnover	67,975	

■ LME AM Official £/$ rate: 1.5412
LME Closing £/$ rate: 1.5436

Spot:1.5490 3 mths:1.5478 6 mths:1.5472 9 mths:1.5461

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Jul	107.15	+1.15	107.60	106.20	6,825	4,458
Aug	107.75	+1.15	107.85	107.60	700	18
Sep	108.25	+1.15	108.55	107.40	32,446	2,788
Oct	107.85	+1.10	-	-	297	22
Nov	107.35	+0.95	-	-	245	2
Total					65,492	8,202

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	387.80-388.20	
Opening	385.00-385.40	
Morning fix	385.40	251.026
Afternoon fix	385.25	251.947
Day's High	388.80-389.20	
Day's Low	384.80-385.20	
Previous close	385.10-385.50	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.08	6 months	4.59
2 months	4.21	12 months	5.06
3 months	4.29		

Silver Fix	p/troy oz.	US cts equiv.
Spot	340.75	525.10
3 months	344.85	531.15
6 months	349.20	537.45
1 year	360.80	553.85

Gold Coins	$ price	£ equiv.
Krugerrand	390-393	254-257
Maple Leaf	396.60-401.10	-
New Sovereign	91-94	59-62

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol
Jul	385.8	+1.0	-	-	250	309
Aug	387.3	+1.0	390.5	386.8	71,255	21,755
Oct	[illegible]					
Dec	[illegible]					
Feb	[illegible]					
Apr	[illegible]					
Total	[illegible]					

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.) [illegible]

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.) [illegible]

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.) [illegible]

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel) [illegible]

■ CRUDE OIL IPE ($/barrel) [illegible]

■ HEATING OIL NYMEX (42,000 US galls; c/US galls) [illegible]

■ GAS OIL IPE ($/tonne) [illegible]

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu) [illegible]

■ UNLEADED GASOLINE NYMEX (42,000 US galls; c/US galls.) [illegible]

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Sep	101.80	-	101.75	101.60	459	8
Nov	102.50	+0.25	102.25	102.20	2,246	173
[illegible]						

■ WHEAT CBT (5,000bu min; cents/60lb bushel) [illegible]

■ MAIZE CBT (5,000 bu min; cents/56lb bushel) [illegible]

■ BARLEY LCE (£ per tonne) [illegible]

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel) [illegible]

■ SOYABEAN OIL CBT (60,000lbs; cents/lb) [illegible]

■ SOYABEAN MEAL CBT (100 tons; $/ton) [illegible]

■ POTATOES LCE (£/tonne) [illegible]

■ FREIGHT (BIFFEX) LCE ($10/index point) [illegible]

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Jul	951	+18	952	921	8,275	1,081
Sep	976	+23	977	943	19,451	2,603
[illegible]						

■ COCOA CSCE (10 tonnes; $/tonnes) [illegible]

■ COCOA (ICCO) (SDR's/tonne) [illegible]

■ COFFEE LCE ($/tonne) [illegible]

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs) [illegible]

■ COFFEE (ICO) (US cents/pound) [illegible]

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs) [illegible]

■ WHITE SUGAR LCE ($/tonne) [illegible]

■ SUGAR '11' CSCE (112,000lbs; cents/lbs) [illegible]

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Jul	71.00	+0.35	71.69	70.70	931	193
Aug	71.40	+0.40	73.00	71.50	5	2
Oct	71.67	+0.16	72.35	71.60	8,459	1,840
Dec	71.83	-0.32	72.55	71.55	28,082	7,952
Mar	72.93	-0.10	73.60	72.90	5,483	1,060
May	73.80	-0.35	74.30	73.80	2,789	748
Total					45,743	12,131

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Jul	84.50	-2.35	88.10	84.50	2,624	1,275
Sep	88.95	-1.70	90.40	88.50	13,545	2,333
Nov	91.50	-2.20	93.25	91.50	2,785	138
Jan	95.25	-1.40	96.50	95.25	3,687	212
Mar	98.00	-1.05	98.00	98.00	2,265	886
May	100.75	-0.25	100.00	100.00	139	22
Total					25,103	4,891

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

Wool
Heavy offerings in the final week of the 1993/94 selling season in Australia made little difference to price levels. The market indicator finished at 624 cents a kg., only 3 cents down on the week. Competition at auctions was good, with China prominent, which is always seen as a strengthening factor. The season also ended in New Zealand with prices firm. The British wool selling season opened this week and firmer prices were correctly anticipated by the trade, though increases only amounted to one or two per cent and are not universal. Holidays are already an important factor keeping trade quit and their influence will increase and persist for the next two months. The UK wool-processing industry is busy but would be a lot happier if higher wool prices were accepted and passed on by retailers who continue to resist them.

INDICES

■ REUTERS (Base: 18/9/31=100)

Jun 30	Jun 29	month ago	year ago
2038.6	2041.3	1987.8	1668.5

■ CRB Futures (Base: 4/9/56=100)

Jun 29	Jun 28	month ago	year ago
229.36	230.40	233.84	207.12

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Aug	84.150	+0.825	84.300	83.475	35,055	8,734
Oct	68.250	+0.300	68.475	67.850	19,572	4,326
[illegible]						

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]						
Dec	42.725	-0.150	42.925	42.500	3,408	395
Feb	42.350	-0.325	42.650	42.350	855	35
Apr	41.200	-0.725	42.000	41.200	551	31
Total					23,835	3,848

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Jul	37.300	-0.700	38.275	37.100	1,649	1,108
Aug	37.225	-0.525	38.050	37.075	4,749	1,605
Feb	45.325	-1.325	46.850	44.850	1,425	393
Mar	44.100	-1.300	46.180	44.100	51	4
May	47.300	-0.750	47.300	46.500	38	2
Jul	48.200	-	-	46.500	25	14
Total					7,937	3,126

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME	Calls Aug	Calls Nov	Puts Aug	Puts Nov
1425	70	114	20	40
1450	55	99	29	50
1475	41	75	40	61
■ COPPER (Grade A) LME	Aug	Nov	Aug	Nov
2350	72	107	40	96
2400	47	84	64	123
2450	28	66	95	153
■ COFFEE LCE	Sep	Nov	Sep	Nov
2500	762	834	134	191
2550	728	802	150	209
2600	695	771	167	228
■ COCOA LCE	Sep	Nov	Sep	Nov
975	61	85	50	70
1000	40	74	64	84
1050	26	56	99	116
■ BRENT CRUDE IPE	Aug	Sep	Aug	Sep
1650	97	27	11	30
1700	51	66	20	51
1750	30	46	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Aug)		+or-
Dubai	$15.96-6.14q	+0.07
Brent Blend (dated)	$17.43-7.44	+0.185
Brent Blend (Aug)	$17.45-7.46	+0.125
W.T.I. (1pm est)	$19.29-9.30	+0.10

■ OIL PRODUCTS NWEprompt delivery CIF (tonne)		
Premium Gasoline	$181-183	-2
Gas Oil	$154-155	
Heavy Fuel Oil	$86-89	+3
Naphtha	$163-164	-1
Jet Fuel	$165-167	-0.5

Petroleum Argus Estimates

■ OTHER		
Gold (per troy oz)♣	$388.0	+2.7
Silver (per troy oz)♣	538.50c	+13.0
Platinum (per troy oz.)	$400.25	+0.75
Palladium (per troy oz.)	$141.25	+2.10
Copper (US prod.)	111.0c	
Lead (US prod.)	35.75c	
Tin (Kuala Lumpur)	13.90m	+0.43
Tin (New York)	238.50c	
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†	121.87p	-1.12*
Sheep (live weight)†♠	98.33p	-4.79*
Pigs (live weight)	77.91p	-2.99*
Lon. day sugar (raw)	$290.5	-4.5
Lon. day sugar (wte)	$351.0	-0.8
Tate & Lyle export	£301.0	-1.0
Barley (Eng. feed)	£100.5t	
Maize (US No3 Yellow)	$143.5	
Wheat (US Dark North)	£180.0	
Rubber (Aug)♥	81.25p	+1.25
Rubber (Sep)♥	81.00p	+1.00
Rubber(KL RSS No1 Jul)	297.0m	
Coconut Oil (Phil)§	$600.0z	-20.0
Palm Oil (Malay.)§	$470.0q	-12.5
Copra (Phil)§	$397	
Soyabeans (US)	£182.0w	+5
Cotton Outlook A Index	82.25c	-0.25
Wooltops (64s Super)	426p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. q Aug. t Jul/Aug z Jun/Jul. w Jul. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week, provisional prices.

CROSSWORD

No.8,494 Set by ADAMANT

ACROSS

1 Our paper holds the key in talk about protection (6)
4 Parody two short ways in the attempt (8)
9 Expected Reagan to hit back (6)
10 The novitiate father has men perplexed (8)
11 Show respect for anything from Yorkshire that the Chinese dish back (6)
12 Standard bearer (8)
13 Mother needs twelve months for one (3)
14 Fashionable hospital found space for Rugby Union's stampede (6)
17 Spikes of corn stolen from the range (7)
21 Far from base, but the regiment incorporate English car check (6)
25 Some coffee tastes bad (3)
26 In all likelihood in favour of youngster being left inside (8)
27 Foolish Greek boy about to be replaced by really good man (6)
28 Extra ingredient did badly in comeback of dictatorial woman (8)
29 Drinking place, legal without it, is open to everyone (6)
30 Devote time to catching the roll of the dice (8)
31 Transport the ambassador around initially rough sea (6)

DOWN

1 Outranks its language (8)
2 Rocket element will function (8)
3 Break oath about eating first and use a restaurant (8)
5 Seldom depend on trapping a river (6)
6 Face it, top forms become more mature (6)
7 Add up to a day call (6)
8 Drew out the key and turned it (6)
12 In February's extremes, fails miserably to mislead (7)
15 Overturned German agreement on hot journey (3)
16 In favour of diplomats' right (3)
18 Scientific equipment to try out underground (4,4)
19 I am one who would put up a relic, but put no politician in it (8)
20 To get on top of each problem can be a pain (8)
22 Rising out of bed on the hospital section .... (6)
23 .... with another fellow in bed, but chained down (6)
24 Airman showing habitual response in relation to milk (6)
25 High ground charged with energy in the Bible (6)

Solution 8,493

JOTTER PAD

LONDON STOCK EXCHANGE

MARKET REPORT

Renewed bond weakness drives shares lower

By Terry Byland,
UK Stock Market Editor

An early bout of optimism in the UK stock market was abruptly reversed yesterday following a sell-off in both the US dollar and Federal bonds when statistics on US factory orders and personal spending revived inflation worries. London equities were hit hard by heavy falls in British government bonds on news of a sharp rise in the Purchasing Managers Index for June.

The FT-SE 100 Index closed 27.1 points off at 2,919.2, having rallied at the close with Wall Street, which showed a fall of 20 Dow points in UK hours. The wider-ranging FT-SE Mid 250 Index dipped only 1.1 to 3,414.1, indicating the focus on the blue chip sectors.

It was a volatile session, with the FT-SE 100 gaining nearly 16 points at first as bond markets across Europe continued to firm in spite of the weakness of the dollar. Confidence was encouraged by unsubstantiated reports that the German and US authorities would agree on concerted monetary co-operation at the meeting of the Group of Seven ministers in Naples at the end of next week. Growing confidence that the dollar's problems would be managed without resort to over-heavy action on US interest rates had helped European markets on Wednesday.

But the indications yesterday, from both the US personal consumption data and the UK Purchasing Managers Index, has put inflation fears back into the centre of the market stage, and unsettled hopes in the London market that a further cut in base rates might be possible this autumn.

Account Dealing Dates		
*First Dealings:		
Jun 20	Jul 4	Jul 18**
Option Declarations:		
Jun 30	Jul 14	Jul 28
Last Dealings:		
Jul 1	Jul 15	n/a
Account Day:		
Jul 11	Jul 25	n/a

*New time dealings may take place from two days earlier. **New 10-day settlement system starts

UK equities had begun to drift back from their highs, with the banking sector weakening the overall picture in the wake of the aggressive cuts in overdraft rates by Abbey National. But underlying confidence remained sound until UK government bonds began to fall sharply. The FT-SE 100 Index was down by nearly 36 points at the day's worst of 2,910.6.

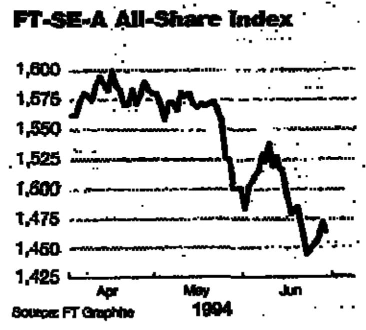
The renewed turmoil in bond markets put an end, for the time being at least, to the recovery in confidence in equities. Some strategists pointed out that US markets are moving into a holiday weekend, which opens with an early closure for today's session. This, it was stressed, increased pressure on European traders to unload bonds rather than hold them over an extended weekend. However, markets are still believed to be focusing on prospects for favourable action at the G7 meeting at the end of next week.

Today brings more data on the US economy, notably the latest economic leading indicators and construction spending statistics. Traders are resigned to seeing further nervousness in the bond markets which will continue to restrain share prices.

Selling of equities increased as the session progressed. However, the final Seaq total of 597.4m shares traded was more than one fifth higher than on Wednesday, when retail business was worth £1.03bn. Non-Footsie shares made up only about 55 per cent of business yesterday, further indicating the market's concentration on the futures-related Footsie-listed stocks.

Several trading programmes were identified as a flow of sizeable deals crossed the trading screens. Many reflected end-of-quarter tidying up operations by fund managers. The first half of 1994 has brought highly volatile trading in UK equities. The FT-SE 100 Index has fallen by around 5.4 per cent over the second quarter.

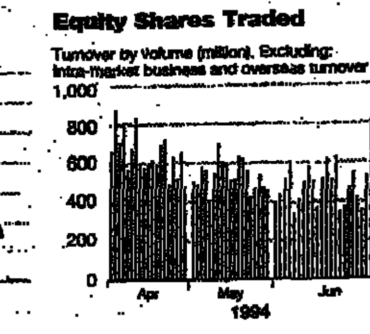
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT-SE 100	2919.2	-27.1	FT Ordinary Index	2276.8	-21.3
FT-SE Mid 250	3414.1	-1.1	FT-SE-A Non Fins p/e	18.72	(18.83)
FT-SE-A 350	1471.8	-10.6	FT-SE100 Fut Sep	2919.0	-40.0
FT-SE-A All-Share	1463.35	-9.89	10 yr Gilt yield	8.76	(8.53)
FT-SE-A All-Share yield	4.04	(4.01)	Long gilt/equity yld ratio:	2.18	(2.15)

Best performing sectors

1 Engineering, Vehicles ... +1.2
2 Gas Distribution ... +1.0
3 Electricity ... +0.8
4 Building Materials ... +0.7
5 Building & Construct ... +0.3

Worst performing sectors

1 Banks ... -2.0
2 Retailers, Food ... -1.8
3 Pharmaceuticals ... -1.3
4 Electronic & Elec Eqpt ... -1.2
5 Media ... -1.2

Overdraft moves hit banks

The banks sector of the market was given a thorough shaking by news that Abbey National, formerly a building society and now classified as a bank, had reduced its authorised overdraft rates to below 10 per cent from 18.4 per cent in a move seen by bank analysts as chasing a much bigger share of the loans market. The Halifax Building Society also moved to reduce rates on overdrafts.

The moves were viewed by specialists as the first steps in what could be an increasingly competitive market for the banks, and which could produce a significant squeeze on profits in the sector.

Abbey National fell 13 to 393p on 2.7m traded, while TSB dipped 7 to 203p on 6.3m, Barclays lost 16 at 519p and Lloyds slid 14 to 525p.

The worst individual performance, however, came from National Westminster, which registered a drop of 24½ at 531½p, after 528p, with the market additionally unsettled by news that NatWest is buying Central Jersey Bancorp, of the US. Turnover of 12m in NatWest was the highest single day's activity for three months.

Oil battle blazes

There was more late drama in the Enterprise Oil/Lasmo takeover battle, with both camps claiming confidence of success. Significantly, Lasmo shares came under heavy selling pressure, closing 8¼ off at 134½p on big turnover of 9.5m, with US investors selling the stock aggressively. Enterprise shares moved up 7 to 389p.

But contrary to the view that the slide in Lasmo indicated the bid would fail, some dealers said US holders were taking the view that an Enterprise victory was likely. US investors, unwilling to accept the new Enterprise paper, preferred to sell their shares for cash in the market.

Sector specialists said the bid, the outcome of which is expected minutes after the market closes today, was still on a knife-edge last night. One view was that Enterprise had made a tactical blunder in buying half of the 16 per cent held by Philips & Drew Fund Management.

Analysts said that, since PDFM was expected to accept the bid in any event, Enterprise would have done better to have bid elsewhere for the 10 per cent stake it sought.

Telegraph blow

The Telegraph, whose share price has plunged following its decision to cut its newspaper cover price, suffered a further blow yesterday when it announced it had lost one of its brokers.

Cazenove, generally considered the most blue-blooded of the City's stockbroking firms, resigned The Telegraph brokership, leaving Panmure Gordon, formerly joint broker with Cazenove, as sole broker to the newspaper group. Cazenove stuck to its custom of making no public comment, but rival brokers said the move could only cause further damage to The Telegraph's standing.

The perception is that institutional investors have been incensed at the way Hollinger, the Canadian publishing group run by Telegraph owner Mr Conrad Black, sold 12.5m Telegraph shares just over a month before the newspaper cut its cover price to 30p, and have been venting their displeasure on the company's broker.

"It was an extraordinary sequence of events and any attempt to make it look respectable has been severely damaged by the Cazenove resignation," said one disgruntled analyst. Telegraph shares ended the day 15 lower at 364p

Wellcome falls

Pharmaceuticals group Wellcome fell heavily after rival SmithKline Beecham said it had received approval to sell its anti-shingles treatment in the US. The treatment, known as Famvir, is a direct competitor to Zovirax, Wellcome's biggest selling product.

One analyst argued that the SmithKline approval had come earlier than expected and was a reminder that Zovirax would lose its patent in 1997. However, others said there was well documented evidence to show that drug sales actually improved with the arrival of a competitor and the fall was merely the result of profit-taking after a good run.

Dr Jonathan Gelles of Wertheim Schroder said "the number two player always expands the market" and that only 40 per cent of Zovirax sales in the US were for shingles and thus under threat of competition.

There was also some encouraging news for Wellcome – it announced a co-promotion deal with Upjohn, of the US, for Zovirax – but the shares have risen sharply over the past few weeks and were easily marked down. They closed 27 weaker, with turnover uninspiring at only 1.3m shares. SmithKline rallied from a low of 404p to close 3 off at 406p.

Life assurances bucked the overall market slide with the sector given a boost by Hoare Govett whose insurance team told clients to "build weightings"in the sector. Hoare said in terms of yield relative, the sector is standing at an historic high, exceeding that of the composites; "the UK life assurance industry has the potential for a prolonged period of sustained growth in excess of GDP," the broker said. Prudential, steady at 287p, remains Hoare's "nap" selection in the sector.

High street retailer Kingfisher dusted off recent gloom to advance 9 to 499p, after investment bank BZW changed its strongly negative stance on the stock by removing it from the sell list to tag it as a hold.

Mr Tony Shiret at BZW said there was initial evidence of stabilisation in the DIY market which would help steady margins.

Storehouse gained 2 to 217p following a visit by analysts to the company's BHS distribution centre.

BPB, the plasterboard group raced up 13 to 302p after preliminary profits ahead of the most optimistic forecasts. UBS increased its current year profits forecast from £135m to £150m.

Shares in Gestetner tumbled 19 to 144p, brushing aside favourable figures, after stake holder Inchcape said it would not excise its convertible loan option to increase its 14.88 per cent stake in the office equipment group. Profit-taking in industrial group Charter saw the shares shed 15 to 699p.

News of a 97.4 per cent take up of its recent rights issue helped conglomerate Wassall advance 13 to 292p.

Prospects of a Saudi Arabian order for GKN subsidiary Westland helped GKN shares add 6 at 555p.

Chesterton, the property agency which came to the market last week at 100p, gave a good performance yesterday, rising 5 to 107p.

Universal Ceramic Materials, brought to the market at 86p, closed 2 ahead at 88p, after its first day of dealings.

MARKET REPORTERS:
Peter John,
Joel Kibazo,
Steve Thompson.

■ Other statistics, Page 26

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (9).
BANKS (1) Ashi, BUILDING & CNSTRN (1) Kajima, DISTRIBUTORS (1) Polar, DIVERSIFIED INDLS (1) Mitsubishi, ELECTRNC & ELECT EQUP (2) Plasmoc, TDK, INSURANCE (1) Lombard Insce., OIL EXPLORATION & PROD (1) Tullow Oil, SPIRITS, WINES & CIDERS (1) Macdonald Martin A.
NEW LOWS (133).
GILTS (2) BANKS (2) BUILDING & CNSTRN (8) Higgs & Hill, Keller, Laing (J) 6.4p Pf., McAlpine (A), Tay Homes, Tilbury Douglas, Try, Westminster Scaffolding, BLDG MATLS & MCHTS (3) Breedon, Ibstock, Needler, CHEMICALS (3) BTP, Sutcliffe Speakman, Yorkshire Chems., DISTRIBUTORS (7) Bearing Power, Casket, Charles Sidney, Cowie, Diploma, Gardiner, Headlam, DIVERSIFIED INDLS (8) ELECTRNC & ELECT EQUP (1) Scantronic, ENGINEERING (8) Black & Decker, Chemring, David Brown, Hunting, Quadramatic, ENG, VEHICLES (1) Sytone, EXTRACTIVE INDS (4) Ashanti, Baleyrchik Gold, Bracken, Ponman, FOOD MANUF (2) Acatos & Hutcheson, Dawo Intl, HEALTH CARE (8) Anagen, Conaca, Intercare, Scholl, Takare, Tepnel Diagnostics, HOUSEHOLD GOODS (1) Silentnight, INSURANCE (10) INVESTMENT TRUSTS (14) INVESTMENT COMPANIES (1) LEISURE & HOTELS (8) LIFE ASSURANCE (1) MEDIA (8) EMAP, Mirror, News Intl., Pearson, Phonelink, Scottish TV, MERCHANT BANKS (1) Singer & Friedlander, OIL EXPLORATION & PROD (1) Energy Equity, OTHER FINANCIAL (8) PHARMACEUTICALS (2) PRTNG, PAPER & PACKG (2) Ferry Pickering, Sidlaw, PROPERTY (6) RETAILERS, FOOD (1) M & W. RETAILERS, GENERAL (7) SUPPORT SERVS (8) ACT, BPP, Hogg Robinson, MR Data Management, Mileya, Ricardo, TELECOMMUNICATIONS (1) TEXTILES & APPAREL (8) TRANSPORT (2).

EQUITY FUTURES AND OPTIONS TRADING

Renewed worries on inflation reversed an initial recovery in Footsie futures, with a further retreat brought on by continuing weakness of the US dollar and a fall in US markets, *writes Joel Kibazo.*

The strong momentum seen on Wednesday looked set to continue after the September contract on the FT-SE 100 opened at 2,962. Buying, mainly from independent (local) traders sent September climbing to 2,972 within the first hour of trading, which turned out to be the high of the day.

A report suggesting UK inflation is higher than had been anticipated, together with a sharp retreat in gilts, checked a further advance in the contract. With continuing worries on the US dollar, September went into decline.

The afternoon only brought further selling as dealers focused on continuing falls in both US and UK bonds and the decline of Wall Street. At the close, September stood at 2,919, down 40 from its previous session and about 10 points below its estimated fair value premium of about 13. Volume was 15,211 lots.

Turnover in traded options improved from Wednesday's poor level, reaching 29,220 by the close. Activity in the FT-SE 100 option at 9,286 remained poor, but there was an improvement in the Euro FT-SE option with a total of 5,924 trades. BP was the busiest stock option at 1,605.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	2962.0	2919.0	-40.0	2972.0	2895.0	15211	50855
Dec		2927.0	-40.0			0	952

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	3398.0	3390.0	-15.0	3398.0	3392.0	220	4407

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	-	3390.0	-	-	-	-	636

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*2916) £10 per full index point

	2750 C	2750 P	2800 C	2800 P	2850 C	2850 P	2900 C	2900 P	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P
Jul	173½	8½	129½	14	87½	22	53	40½	28	67½	13½	105½	5½	147	2½	193½
Aug	193	30½	156	42½	120½	57	92½	79	68½	103	46½	132	31	166½	18	204
Sep	215	49	178½	61	144½	77	115	97	87	119	65½	143	47½	189½	34	215½
Oct	225	57	187	68	155	85½	125½	105½	109	129½	80	156½	60½	189½	48½	227
Dec†			215½	90			157	131½			111	184			72½	247

Calls 4,618 Puts 4,748

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2725 C	2725 P	2775 C	2775 P	2825 C	2825 P	2875 C	2875 P	2925 C	2925 P	2975 C	2975 P	3025 C	3025 P	3075 C	3075 P
Jul	191½	5½	146½	10½	103½	16½	68½	30½	37½	51½	19½	82½	9	121½	4	166½
Aug	210½	22	172	33	138½	47	106½	65½	78½	88½	56	115½	38½	147½	25	184
Sep	231½	39½			169	67			101	107			56	161		
Dec	274	77			205½	106			145½	143½			96½	192		
Mar†	303	91			238	123½			182	163			135	212		

Calls 3,171 Puts 2,753 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	3300 C	3300 P	3350 C	3350 P	3400 C	3400 P	3450 C	3450 P	3500 C	3500 P	3550 C	3550 P	3600	3650
Jul	103⅛	9	85½	21¼	37	42½	18¼	73¼	7⅞	113¼	8	158¼		

Calls 0 Puts 0 Settlement prices and volumes are taken at 4.30pm.

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
ASDA Group†	14,000	62¼	+¼
Abbey National†	2,800	393	-13
Albert Fisher	1,000	47	-1
Allied-Lyons†	1,500	553	
Anglian Water	122	478	-2
Argos	840	341	-1
Argyll Group†	7,400	230	-8
Arjo Wiggins†	2,800	268	+3
Assoc. Brit. Foods†	233	504½	+½
Assoc. Brit. Ports	1,900	248	+1
BAA†	1,100	895	-2
Burton	3,500	57½	-¼
Cable & Wire†	4,800	404	+3
Cadbury Schweppes†	1,800	421	+6
Calor Group	184	287	+6
Caradon†	318	305	+2
Carlton Comms.†	908	807	-11
Coats Viyella†	2,400	210	-6
Comm. Union†	708	506	
Cookson	1,200	240	+1
Courtaulds†	283	473	-8
Dalgety	131	414	-3
De La Rue†	417	893	+5
Dixons	659	176	-1
Eastern Elect.	1,400	618	+4
East Midland Elect.	393	601	+4
Eng China Clays	1,400	338	-8
Enterprise Oil†	1,800	389	+7
Eurotunnel Units	295	260	-12
FKI	389	170	-½
Fisons	315	133	+1
Foreign & Col. I.T.	840	130¾	-1¼
Forte†	4,400	226	-2
Gen. Accident†	476	533	-10
General Elect.†	6,400	287½	-4½
Glaxo†	2,900	544	-9
Glynwed	420	343	+2
Granada†	1,300	499	-3
Grand Met.†	3,000	407	-2
GUS†	1,400	563	-7
GRE†	1,200	170	-5
GKN†	380	554	+5
Guinness†	3,500	437	-3
HSBC (75p shs)†	1,000	685	+6
Hammerson	215	342	
Hanson†	12,000	240½	-6½
Harrisons Crosfield	1,200	165	+1
Hays	794	261	-3
Hillsdown	698	154	-2
IMI	897	306	+2½
ICI†	692	775	-5
Inchcape†	1,330	448	+5
Johnson Matthey	212	498	-3
Kingfisher†	1,300	499	+9
Kwik Save	175	575	-2
Ladbroke†	1,400	154	-2½
Land Securities†	1,000	618	-4
Laporte	368	708	-1
Legal & General†	2,200	418	-2
Lloyds Abbey	387	329	
Lloyds Bank†	2,830	525	-14
LASMO	9,500	134½	-8½
London Elect.	471	572	+3
Lonrho	3,800	127	
Lucas	2,900	172	+2
MEPC†	1,700	421	-3

FT - SE Actuaries Share Indices — The UK Series

	Jun 30	Day's chge%	Jun 29	Jun 28	Jun 27	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	2919.2	-0.9	2946.3	2909.0	2899.9	2888.8	4.24	7.15	16.55	52.31	1091.48
FT-SE Mid 250	3414.1	.....	3415.2	3384.2	3363.4	3241.7	3.68	5.94	20.34	53.77	1260.01
FT-SE Mid 250 ex Inv Trusts	3414.9	.....	3415.2	3381.8	3362.4	3257.6	3.83	6.43	18.94	55.57	1256.93
FT-SE-A 350	1471.8	-0.7	1482.4	1464.9	1459.3	1442.9	4.11	6.87	17.30	25.64	1126.23
FT-SE SmallCap	1780.84	-0.1	1782.55	1785.14	1784.98	1649.77	3.15	4.25	29.91	22.48	1369.77
FT-SE SmallCap ex Inv Trusts	1760.19	-0.1	1761.89	1765.73	1768.03	1652.11	3.32	4.86	27.76	23.01	1356.93
FT-SE-A ALL-SHARE	1463.35	-0.7	1473.24	1457.25	1452.08	1428.93	4.04	6.68	17.85	25.00	1139.12

■ FT-SE Actuaries All-Share

	Jun 30	Day's chge%	Jun 29	Jun 28	Jun 27	Year ago	Div. yield%	Earn yield%	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(18)	2566.64	-0.9	2590.74	2580.01	2593.81	2236.30	3.64	4.57	27.49	37.93	1019.95
12 Extractive Industries(4)	3713.50	-0.1	3717.80	3696.04	3727.49	3147.40	3.57	5.44	23.05	43.39	1013.39
15 Oil, Integrated(3)	2519.00	-1.1	2546.91	2530.68	2545.89	2152.30	3.65	4.70	26.44	40.43	1022.22
16 Oil Exploration & Prod(11)	1842.31	-1.1	1861.92	1903.80	1889.69	1988.70	3.62	1.28	80.00†	16.27	1056.31
20 GEN MANUFACTURERS(283)	1892.35	-0.3	1897.98	1879.57	1874.39	1787.70	4.00	4.83	25.58	30.95	953.67
21 Building & Construction(32)	1140.30	+0.3	1136.82	1138.60	1138.10	1057.60	3.36	4.68	27.55	15.62	884.93

LONDON EQUITIES

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	64	6
Other Fixed Interest	0	1	14
Mineral Extraction	78	44	78
General Manufacturers	118	153	388
Consumer Goods	30	59	102
Services	59	124	325
Utilities	26	9	10
Financials	78	94	201
Investment Trusts	65	77	327
Others	79	11	44
Totals	535	636	1495

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

Calls: Abbey Nat, Alliance Res, Aminex, Beckman (A), BSG, Com-Tek, Conrad, MR Data, Mosaic Inv, Regalian, TBI, Tullow Oil, Utd Energy. Puts: MR Data, Regalian. Puts & Calls: Clyde Pet.

LONDON RECENT ISSUES: EQUITIES

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1994 High	1994 Low	Stock	Closing price p	+or-
68	Nil	9/8	40pm	33pm	Hewitt Whiting	40pm	
100	Nil	25/7	11pm	¼pm	NSM	¼pm	-¼
105	Nil	-	5pm	3pm	Oriel	3pm	
9	Nil	3/8	¾pm	¾pm	Paramount	¾pm	
130	Nil	14/7	26pm	14pm	Ricardo	14pm	-1
73	Nil	5/8	3pm	¼pm	Wates City of Lon	¼pm	

FINANCIAL TIMES EQUITY INDICES

	June 30	June 29	June 28	June 27	June 24	Yr ago	*High	*Low
Ordinary Share	2276.8	2298.1	2259.4	2255.5	2240.6	2262.0	2713.6	2240.6
Ord. div. yield	4.40	4.36	4.43	4.43	4.46	4.10	4.46	3.43
Earn. yld. % full	5.87	5.81	5.90	5.90	5.95	4.66	5.95	3.82
P/E ratio net	18.14	18.32	18.03	18.04	17.89	26.33	33.43	17.89
P/E ratio nil	18.88	19.08	18.76	18.76	18.61	24.37	30.80	18.61

*For 1994. Ordinary Share index since compilation: high 2713.6 2/02/94: low 49.4 26/6/40
FT Ordinary Share Index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2311.5	2310.5	2302.0	2298.3	2290.4	2282.1	2283.9	2282.1	2273.7	2316.7	2271.1

	June 30	June 29	June 28	June 27	June 24	Yr ago
SEAQ bargains	23,148	20,891	23,613	24,221	21,804	30,066
Equity turnover (£m)†	-	1037.0	1226.9	824.2	920.9	1397.6
Equity bargains†	-	27,684	24,938	25,898	23,465	37,076
Shares traded (mil)†	-	810.2	541.0	369.4	419.4	599.2

† Excluding intra-market business and overseas turnover.

LIFFE EQUITY OPTIONS

FT GOLD MINES INDEX

■ Hourly movements

■ FT-SE Actuaries 350 Industry baskets

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1994 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.3	♦
ANZ A$		196½	+4½	278¾	179¾	2,884	4.9	14.7
Abbey National		383	-13	523	381	5,196	4.5	13.2
Allied Irish I£		237	-1	314	234	1,869	6.3	9.1
Anglo Irish I£		[illegible]		70	50	172.1	8.6	9.1
Asahi Y		[illegible]	+33¼	[illegible]	628	16,961	0.5	♦
Banco Bil Viz Pts		£21[illegible]	[illegible]	[illegible]	£14[illegible]	3,423	5.5	6.7
Banco Sant Pts		£30½		£30½	[illegible]	4,608	4.7	10.6
Bk Ireland I£		[illegible]	-2	319	245	1,208	5.1	7.4
Bank Scotland		187xd	-9	247	172½	2,178	3.4	15.3
9¼pc Pf		116¾	[illegible]	141½	114	116.2	9.9	-
9¾pc Pf		121¼	[illegible]	149½	119¼	121.2	10.1	-
Barclays		519	-16	649	487	8,444	3.6	21.5
Dai Ichi Kan Y		[illegible]	[illegible]	[illegible]	£10[illegible]	46,866	0.4	71.0
Deutsche DM		£277[illegible]	+½	£344¼	£270[illegible]	12,194	2.2	-
Espirito Santo		£17[illegible]	[illegible]	[illegible]	£17[illegible]	199.5	4.5	4.3
First Nat Fin		72	-2½	90	60	109.4	2.6	-
6.3pc Cv Pf		78xd	-1	90	77	8.31	10.0	-
7pc Cv Pf		127½xd	-1½	171	123	65.3	6.4	-
Fuji Bank Y		1467¾	-1	1549¾	1152½	43,074	0.4	♦
HSBC HK		706	+4	1133	684	12,386	4.2	10.2
HSBC (75p Shs)		698	+6	1113	685	6,827	4.3	10.0
Lloyds		525	-14	680	519	6,788	5.3	11.1
Mitsubishi Y		£17[illegible]	[illegible]	£18[illegible]	£16[illegible]	50,121	0.3	♦
Mits Tst & Bk Y		1077¼	-3¼	1182¼	867½	14,627	0.5	17.3
Mitsui Tst & Bk Y		801¼	-7¼	879	514	9,601	0.7	27.3
Nat Aust A$		519¼xd	+10¼	639½	469¾	6,958	4.6	12.7
NatWest		431½	-20½	622	421	7,180	5.4	9.9
Ottomane FFr		£23½		538	£23½	117.5	6.2	♦
Ryl Bk Scotland		423xd	-2	528	362½	3,371	2.5	19.1
Sakura Y		[illegible]		[illegible]	[illegible]	38,481	0.6	57.4
Sanwa Y		£14[illegible]	[illegible]	[illegible]	£11[illegible]	42,674	0.4	♦
Standard Chartd		243	-4	359¼	223	2,335	3.1	10.7
7 3/8pc Prf		91	-1	108½	89¾	91.0	10.1	-

CHEMICALS

DISTRIBUTORS

BREWERIES

BUILDING & CONSTRUCTION

DIVERSIFIED INDUSTRIALS

BUILDING MATS. & MERCHANTS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LEISURE & HOTELS - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PHARMACEUTICALS

[illegible]

PRINTING, PAPER & PACKAGING

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SUPPORT SERVICES

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

	Notes	Price	+ or –	1994 high	1994 low	Mkt CapEm	Yld Gr's	P/E
Toronto-Dom		9¾xd	+½	11¾	9⅛	2,788	4.4	
Trans Can Pipe	♥	7⅝	+⅛	10½	7¼	1,412	5.4	

SOUTH AFRICANS

	Notes	Price	+ or –	1994 high	1994 low	Mkt CapEm	Yld Gr's	P/E
Anglo Am Ind		£27¼	—	£27½	£13½	1,774	2.7	19.9
Barlow	Z	645xd	+⅞	651½	523½	921.5	0.7	–
Gold Flds Prop R		99	+1	106	76	18.1	10.1	8.8
NK Props.	s	85	—	95	85	3.42	10.5	34.9
SASOL	♥	327	—	392	280	1,853	4.8	–
SA Brews		£11⅜xd	–⅛	£16⅛	£10	6,237	2.4	18.8
Tiger Oats	†	613xd	—	838	538	626.9	2.6	12.9
Tongaat-Hulett		686	–10	751	434	496.6	2.3	18.6

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ⊕ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualise yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company. annotated with ♣. Please quote the code FT5215. Ring 081-770 0770 (open 24 hours including weekends) or Fax 081-770 3822. If calling from outside the UK, ring +44 81 770 0770 or fax +44 81 770 3822. Reports will be sent the next working day, subject to availability.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (✦) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (#) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Thornton Unit Managers Ltd (1200)F

[illegible]

Waverley Unit Tst Mngmt Ltd (1000)F

13 Charlotte Sq, Edinburgh 031-225 1551

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

INSURANCES

[illegible]

Abbey Life Assurance Co Ltd

80 Holdenhurst Road, Bournemouth 0202 292373

	Bid Price	Offer Price	+ or -	Yield Gross
Prop Ser. 1	285.3	300.4		-
Equity Ser. 1	153.1	161.2	+0.90	-
Prop. Acc. Ser 2	[illegible]	[illegible]		-
Equity Ser 2	204.4	215.2	+1.30	-
Selective Acc. Ser 2	468.0	492.7	+1.20	-
Prop. Ser. 4	406.6	428.0		-
Equity Ser. 4	199.9	210.5	+0.80	-
Man. Ser. 4	641.5	675.3	+3.20	-
Fixed Int. Ser. 4	331.0	348.5	-0.40	-
Indexed Inv. Ser. 4	202.1	212.8	+0.40	-
American Ser. 4	480.4	505.7	-5.80	-
Japan Ser 4	397.9	418.8	+5.30	-
European Ser 4	163.7	172.4	+1.10	-
High Inc. Ser 4	629.9	663.1	+3.60	-
Money Ser. 4	323.9	341.0		-
Intl Ser. 4	188.9	198.8	+0.40	-
Custodian Ser. 4	169.5	178.5	+0.40	-
Asian Pacific	195.8	206.2	+2.80	-
Ethical	130.9	137.8	-0.10	-
Protected Growth	110.7	116.6	-	-
Pension Funds				
Property	793.0	834.8		-
Equity	1556.2	1638.2	+10.20	-
Selective	530.2	558.2	+1.70	-
Managed	1360.5	1432.2	+7.40	-
Security	710.5	747.9		-
Fixed Int.	427.1	449.6	-0.30	-
Indexed	228.6	240.7	+0.40	-
American	442.2	465.5		-
Japan	456.1	480.2	+7.30	-
European	281.0	295.1	+2.30	-
High Income	189.4	199.4	+1.30	-
Ethical	192.4	202.6	-0.20	-
International	370.4	389.9	+1.20	-
Protected Growth	125.0	131.6	+0.10	-
Asian Pacific	83.0	87.40	+1.10	-

Abbey National Life Plc

[illegible]

Canada Life Group

[illegible]

Century Life Plc

5 Old Bailey, London

[illegible]

City of Westminster Assurance

[illegible]

[illegible]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Scottish Equitable plc - Contd.

[illegible]

Scottish Life Investments

[illegible]

Scottish Mutual Assurance plc

[illegible]

Scottish Provident Group

[illegible]

Scottish Widows' Group

[illegible]

Standard Life Assurance Company

[illegible]

Sun Alliance Group

[illegible]

Sun Alliance Group - Contd.

[illegible]

Sun Life Unit Assurance Ltd

[illegible]

Swiss Life (GB) PLC

[illegible]

TSB Life Ltd

[illegible]

Target Life Assurance Co Ltd

[illegible]

Tunbridge Wells Equitable

[illegible]

Windsor Life Assur Co Ltd

[illegible]

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

[illegible]

CMI Insurance Co Ltd

[illegible]

Century Life International Ltd

[illegible]

Isle of Man Assurance Ltd

[illegible]

Lebrow International Group

[illegible]

Royal Life International Ltd

[illegible]

Royal Skandia Life Assurance Ltd

[illegible]

Scottish Provident Intl Life Ass Ltd

[illegible]

Sun Life International (IOM) Ltd

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

Guinness Flight Fd Mngrs - Contd.

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

Baring Mutual Fund Mngmt (Ireland) Ltd

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

Capital House Fund Mgrs (CI) Ltd

[illegible]

JERSEY (REGULATED)(**)

[illegible]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Royal Bank of Canada Intl Fd Mgt Ltd

Royal Bk of Scotland Fd Mngrs (Jersey) Ltd

Schroder Mngt Services (Jersey) Ltd

TSB Trust Funds (CI)

Warburg Asset Management Jersey Ltd

Fleming Group - Contd.

Foreign & Colonial Emerging Markets Ltd (u)

Frontrunner I (u)

Gartmore Luxembourg SA (u)

HSBC Investment Funds Luxembourg SA (u)

S.G. Warburg Asset Mngmt Lux SA

H.C.M. HYPO Capital Mgt Luxembourg SA

Templeton Worldwide Investments

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

MARKETS REPORT

Dollar touches new low

The dollar touched another new low against the yen yesterday, but there was still no indication of central bank intervention to support the currency, *writes Philip Gawith.*

The dollar closed in London at Y98.645 from Y98.675 on Thursday, and was also lower against the D-Mark, finishing at DM1.5915 from DM1.5825.

Analysts said the market was willing to probe the downside in the absence of co-ordinated intervention and policy change.

Although the market is focusing its attention on next week's Federal Open Markets Committee meeting, it seems confident of probing the downside in the meantime.

Sterling closed slightly firmer at DM2.4564 from DM2.4482. Against the dollar it finished at $1.5435 from $1.547.

In Europe the lira and the franc both weakened against the D-Mark. The Bank of France cut its intervention rate to 5.1 per cent from 5.2 per cent.

■ The dollar kicked off the day firmer on vague reports of US and German monetary authorities co-operating more closely.

Also offering cheer to the market were comments from Mr Tomiichi Murayama, the new Japanese prime minister, to a local newspaper, that he would want to see "as much international co-operation as possible" with regard to the rising yen. In contrast, however, Mr Robert Rubin, an adviser to President Clinton, *said there would be no special* dollar discussion at G7.

Analysts said that investors wishing to push the dollar lower were also selling the D-Mark against the yen as a safer route than direct sales of the dollar, against the yen or the D-Mark.

The D-Mark closed in London at Y61.97, down from Y62.34 on Wednesday.

There was little response to various second line US data released, which matched market expectations.

Mr Neil MacKinnon, economist at Citibank in London, said the problem the central banks faced in supporting the dollar was the lack of short dollar positions against the yen. This made it more difficult for intervention to be effective.

Aggravating matters is the political situation in Japan. Mr Gerard Lyons, chief economist at DKB International in London, said the appointment of the Socialist party leader, Mr Tomiichi Murayama, as prime minister had mixed implications for the yen. On the one hand, the fact that there was no longer a political vacuum in Japan improved the likelihood of progress in the trade talks with the US.

On the other, the Socialists' opposition to consumption taxes diminished the likelihood of cuts in personal taxes which the market is hoping for.

Mr Lyons predicted that the *dollar would continue to* weaken until there was evidence of portfolio funds flowing in to buy US assets. The trigger, he said, would be a dampening of US inflation expectations, which would probably arrive with evidence of a slowing in US economic growth, and evidence that the Fed had achieved a neutral monetary policy stance.

The outlook for the dollar is also gloomy from a technical perspective. Mr Brian Marber, an independent analyst, said he had "no doubt that the dollar is still headed much lower." He said that if the dollar finished below Y100 for a third day, this would show that Y100 had given way. Having been bullish of the dollar, this would leave him "firmly bearish".

■ In Europe the Italian lira had another difficult day, closing at L994.7/DM from L990.6. Analysts said the currency suffered from the sell-off in Italian bonds. Markets remain worried about whether the government has the will to deal with Italy's large budget deficit.

Concerns were also fanned by evidence of a possible conflict between the president and prime minister over the running of the state broadcaster.

The French franc finished unchanged at FFr3.43 against the D-Mark following the cut in interest rates. This was a solid performance, considering that it coincided with figures showing unemployment – a highly sensitive political issue – had risen to 12.7 per cent in May.

Mr MacKinnon said monetary policy in France remained too tight – money supply growth is currently negative – for this stage of the cycle. But he added: "Betting against the French franc has not been a profitable trade."

■ Traders in the futures market said the mood had been skittish with the pattern of trade again set at the longer end of the market.

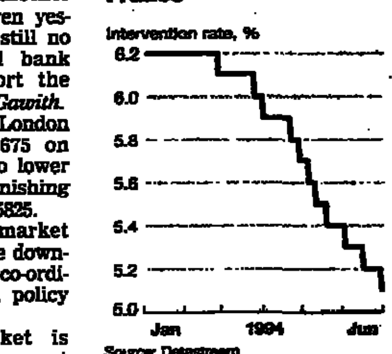
The June UK purchasing managers index, which rose to a record 61.4 per cent, and revealed signs of inflation, had a negative impact on short sterling. The December contract closed six basis points *lower at 93.71 from 93.77.*

In the UK, the Bank of England provided late assistance to the market of £300m. Earlier it had provided liquidity of £197m after forecasting a shortage of £500m. Overnight money traded from 4 to 6¾ per cent.

In Germany, call money again traded at the 6 per cent Lombard level as banks struggled to meet their monthly reserve requirements.

France

Intervention rate, %



Source: Datastream

■ **Pound in New York**

Jun 30	---Latest---	-- Prev. close --
£ spot	1.5480	1.5460
1 mth	1.5474	1.5457
3 mth	1.5488	1.5447
1 yr	1.5421	1.5411

■ **OTHER CURRENCIES**

Jun 30	£	$
Hungary	157.946 - 158.152	102.350 - 102.450
Iran	2699.00 - 2707.00	1748.00 - 1750.00
Kuwait	0.4580 - 0.4569	0.2955 - 0.2960
Poland	34844.8 - 34685.9	22450.0 - 22470.0
Russia	3060.76 - 3071.57	1983.00 - 1990.00
U.A.E.	5.6830 - 5.6945	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Jun 30		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.2686	+0.0508	622 - 755	17.3016	17.2077	17.2651	0.3	17.2585	0.2	-	-	114.8
Belgium	(BFr)	50.5480	+0.1158	321 - 639	50.6830	50.3570	50.538	0.2	50.583	-0.3	50.603	-0.1	116.1
Denmark	(DKr)	9.6463	+0.039	431 - 494	9.6670	9.6113	9.6533	-0.9	9.67	-1.0	9.6994	-0.6	116.2
Finland	(FM)	8.1863	+0.0476	782 - 943	8.1970	8.1380	-	-	-	-	-	-	81.0
France	(FFr)	8.4257	+0.0278	228 - 286	8.4340	8.3793	8.4298	-0.6	8.4388	-0.5	8.4166	0.1	108.1
Germany	(DM)	2.4564	+0.0082	552 - 576	2.4605	2.4480	2.4564	0.0	2.4556	0.1	2.4357	0.8	125.0
Greece	(Dr)	370.814	+1.313	368 - 260	371.558	367.940	-	-	-	-	-	-	-
Ireland	(I£)	1.0146	+0.0029	141 - 155	1.0180	1.0129	1.0152	-0.5	1.0159	-0.5	1.0175	-0.3	104.7
Italy	(L)	2443.44	+18.4	227 - 460	2447.09	2424.63	2449.84	-3.1	2462.14	-3.1	2506.39	-2.7	76.1
Luxembourg	(LFr)	50.5480	+0.1158	321 - 639	50.6830	50.3670	50.538	0.2	50.583	-0.3	50.803	-0.1	116.1
Netherlands	(Fl)	2.7551	+0.0094	538 - 563	2.7619	2.7460	2.7552	0.0	2.7542	0.1	2.7332	0.8	120.0
Norway	(NKr)	10.7187	+0.0515	154 - 219	10.7254	10.6431	10.713	0.6	10.7256	-0.3	10.7167	0.0	85.9
Portugal	(Es)	253.141	+1.444	023 - 259	253.355	251.631	254.116	-4.6	256.061	-4.6	-	-	-
Spain	(Pta)	203.126	+1.938	054 - 197	203.197	200.643	203.596	-2.8	204.471	-2.6	207.301	-2.1	85.5
Sweden	(SKr)	11.8610	+0.0489	533 - 687	11.8757	11.7818	11.884	-2.3	11.919	-2.0	12.017	-1.3	74.9
Switzerland	(SFr)	2.0651	+0.0037	640 - 662	2.0735	2.0588	2.0639	0.7	2.061	0.8	2.0366	1.4	120.4
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	79.7
Ecu	-	1.2841	+0.005	833 - 848	1.2858	1.2796	1.2851	-0.9	1.2816	0.8	1.2865	-0.2	-
SDR†	-	0.936996	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5406	-0.0043	403 - 409	1.5428	1.5317	-	-	-	-	-	-	-
Brazil	(Cr)	4138.39	+43.5	161 - 517	4245.17	4031.61	-	-	-	-	-	-	-
Canada	(C$)	2.1324	-0.0069	316 - 331	2.1388	2.1214	2.1342	-1.0	2.1393	-1.3	2.1697	-1.7	86.0
Mexico	(New Peso)	5.2284	-0.0167	237 - 331	5.2337	5.2096	-	-	-	-	-	-	-
USA	($)	1.5435	-0.0035	432 - 437	1.5457	1.5345	1.5428	0.5	1.5422	0.3	1.5385	0.3	63.3
Pacific/Middle East/Africa													
Australia	(A$)	2.1125	-0.025	114 - 135	2.1226	2.0948	2.1118	0.4	2.1102	0.4	2.1082	0.2	-
Hong Kong	(HK$)	11.9301	-0.0262	274 - 328	11.9452	11.8805	11.922	0.8	11.9182	0.4	11.945	-0.1	-
India	(Rs)	48.4181	-0.1113	025 - 336	48.4850	48.4025	-	-	-	-	-	-	-
Japan	(Y)	152.254	-0.398	190 - 317	153.180	152.030	151.864	3.1	151.109	3.0	146.944	3.5	192.4
Malaysia	(M$)	4.0175	-0.0123	160 - 189	4.0247	3.9889	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.5927	-0.0163	901 - 953	2.6001	2.5774	2.592	0.3	2.5955	-0.4	2.6021	-0.4	-
Philippines	(Peso)	41.6732	-0.0959	578 - 886	42.2987	41.3578	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.7886	-0.0132	873 - 898	5.7967	5.7553	-	-	-	-	-	-	-
Singapore	(S$)	2.3539	-0.0025	531 - 546	2.3547	2.3401	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.6375	-0.0006	342 - 407	5.6416	5.6078	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	7.3391	-0.0169	225 - 557	7.3557	7.2335	-	-	-	-	-	-	-
South Korea	(Won)	1242.56	-3.16	228 - 283	1244.60	1235.43	-	-	-	-	-	-	-
Taiwan	(T$)	41.3938	-0.1784	786 - 090	41.5260	41.1822	-	-	-	-	-	-	-
Thailand	(Bt)	38.6480	-0.058	263 - 697	38.6897	38.6263	-	-	-	-	-	-	-

†SDR rate for Jun 29. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Jun 30		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan Index
Europe													
Austria	(Sch)	11.1885	+0.0585	860 - 910	11.2450	11.1415	11.193	-0.5	11.201	-0.4	11.1385	0.4	103.9
Belgium	(BFr)	32.7500	+0.15	450 - 550	32.9200	32.6700	32.77	-0.7	32.8	-0.6	32.82	-0.2	105.3
Denmark	(DKr)	6.2498	+0.0395	488 - 508	6.2710	6.2290	6.2568	-1.3	6.2703	-1.3	6.3048	-0.9	104.8
Finland	(FM)	5.3032	+0.0429	982 - 082	5.3237	5.2679	5.3052	-0.5	5.3107	-0.6	5.3322	-0.5	76.1
France	(FFr)	5.4590	+0.0305	580 - 600	5.4782	5.4310	5.4638	-1.1	5.4707	-0.9	5.447	0.2	105.4
Germany	(D)	1.5915	+0.009	910 - 920	1.5985	1.5838	1.5921	-0.5	1.5922	-0.2	1.5832	0.5	106.2
Greece	(Dr)	240.250	+1.4	000 - 500	240.800	239.000	241.6	-6.7	242.45	-3.7	244.75	-1.9	69.2
Ireland	(I£)	1.5210	-0.0079	202 - 217	1.5260	1.5111	1.5198	0.9	1.518	0.8	1.5122	0.6	-
Italy	(L)	1583.10	+15.52	260 - 360	1587.75	1569.85	1587.85	-3.6	1596.55	-3.4	1630.6	-3.0	76.8
Luxembourg	(LFr)	32.7500	+0.15	450 - 550	32.9200	32.6700	32.77	-0.7	32.8	-0.6	32.82	-0.2	105.3
Netherlands	(Fl)	1.7850	+0.0102	845 - 855	1.7919	1.7790	1.7866	-0.4	1.7859	-0.2	1.7766	0.5	105.1
Norway	(NKr)	6.9446	+0.0492	436 - 456	6.9695	6.8896	6.9471	-0.4	6.9521	-0.4	6.9156	0.4	96.2
Portugal	(Es)	164.010	+1.31	960 - 060	164.440	163.200	165.31	-9.5	167.51	-8.5	173.76	-5.9	93.9
Spain	(Pta)	131.605	+1.555	580 - 630	131.770	130.220	131.96	-3.2	132.585	-3.0	134.755	-2.4	81.2
Sweden	(SKr)	7.6849	+0.0492	810 - 885	7.7180	7.6290	7.7008	-2.5	7.7288	-2.3	7.8523	-2.2	80.3
Switzerland	(SFr)	1.3380	+0.0055	375 - 385	1.3470	1.3329	1.3378	0.2	1.3364	0.5	1.3238	1.1	106.2
UK	(£)	1.5435	-0.0035	432 - 437	1.5457	1.5346	1.5429	0.5	1.5422	0.3	1.5385	0.3	88.0
Ecu	-	1.2020	-0.0075	015 - 025	1.2065	1.1974	1.2007	1.3	1.1987	1.1	1.206	-0.5	-
SDR†	-	1.45060	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9982	-0.0005	981 - 982	0.9983	0.9981	-	-	-	-	-	-	-
Brazil	(Cr)	2681.25	+34.26	250 - 000	2750.05	2612.50	-	-	-	-	-	-	-
Canada	(C$)	1.3816	-0.0013	813 - 818	1.3828	1.3793	1.3833	-1.5	1.3872	-1.6	1.4104	-2.1	82.3
Mexico	(New Peso)	3.3875	-0.003	850 - 900	3.3910	3.3850	3.3885	-0.4	3.3903	-0.3	3.3977	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	97.2
Pacific/Middle East/Africa													
Australia	(A$)	1.3687	-0.013	682 - 691	1.3738	1.3630	1.369	-0.3	1.3692	-0.1	1.3729	-0.3	85.7
Hong Kong	(HK$)	7.7295	+0.0008	290 - 300	7.7300	7.7288	7.729	0.1	7.7315	-0.1	7.7457	-0.2	-
India	(Rs)	31.3700	-	650 - 750	31.3750	31.3650	31.45	-3.1	31.595	-2.9	-	-	-
Japan	(Y)	98.6450	-0.03	200 - 700	99.1200	98.6200	98.43	2.6	97.98	2.7	95.505	3.2	151.6
Malaysia	(M$)	2.6029	-0.002	024 - 034	2.6045	2.5970	2.5954	3.5	2.5919	1.7	2.6229	-0.8	-
New Zealand	(NZ$)	1.6798	-0.0067	784 - 812	1.6829	1.6776	1.6816	-1.3	1.6862	-1.5	1.7079	-1.7	-
Philippines	(Peso)	27.0000	-	000 - 000	27.2000	26.8000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Singapore	(S$)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Africa (Com.)	(R)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Africa (Fin.)	(R)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
South Korea	(Won)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Taiwan	(T$)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Thailand	(Bt)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

[illegible]

■ D-MARK FUTURES (IMM) DM 125,000 per DM

[illegible]

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

[illegible]

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

[illegible]

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

[illegible]

■ STERLING FUTURES (IMM) £62,500 per £

[illegible]

WORLD INTEREST RATES

MONEY RATES

[illegible]

■ THREE MONTH EUROMARK FUTURES (LIFFE) DM1m points of 100%

[illegible]

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

[illegible]

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

[illegible]

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

[illegible]

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

[illegible]

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

[illegible]

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

[illegible]

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

[illegible]

EURO CURRENCY INTEREST RATES

[illegible]

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

[illegible]

■ THREE MONTH EURODOLLAR (LIFFE) $1m points of 100%

[illegible]

UK INTEREST RATES

LONDON MONEY RATES

[illegible]

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

[illegible]

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

[illegible]

BASE LENDING RATES

[illegible]

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

هكذا من الأصل

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Jun 30 / Sch)

[illegible]

BELGIUM/LUXEMBOURG (Jun 30 / Frs.)

[illegible]

DENMARK (Jun 30 / Kr)

[illegible]

FINLAND (Jun 30 / Mks)

[illegible]

FRANCE (Jun 30 / Frs.)

[illegible]

GERMANY (Jun 30 / Dm.)

[illegible]

ITALY (Jun 30 / Lire)

[illegible]

NETHERLANDS (Jun 30 / Fls.)

[illegible]

NORWAY (Jun 30 / Kroner)

[illegible]

SPAIN (Jun 30 / Pts.)

[illegible]

SWEDEN (Jun 30 / Kronor)

[illegible]

SWITZERLAND (Jun 30 / Frs.)

[illegible]

PACIFIC

JAPAN (Jun 30 / Yen)

[illegible]

SnyoEl	555	—	609	415	—	—		Pionin	2.87	—	3.42	2.60	5.2	12.0
Sopuro	936	—	991	870	—	—		PlaPac	3.15xd	+.02	3.90	2.49	1.1	—
Secom	6,950	+100	7,280	6,350	0.6	—		Plutnc	5.90	-.02	9.25	5.89	1.0	—
SegaEn	7,650	+30	9,540	7,010	—	—		PosGld	2.88	+.08	4.30	2.83	3.4	—
SeiduR	4,080	+80	4,650	3,370	—	—		QBE In	4.95	+.15	6.96	4.60	4.4	—
SeinoT	1,850	+10	1,880	1,560	0.6	—		OCT Rs	1.39	+.01	1.74	1.15	7.2	—
SeyoF	1,250	—	1,340	1,060	—	—		RnsnGd	4.51	-.14	6.25	4.50	0.8	—
Seyu	1,390	-30	1,510	1,260	—	—		Rothmn	5.30	—	7.13	5.20	7.5	6.0
SekChm	1,150	+30	1,160	956	—	—		Santos	3.80	+.02	4.52	3.58	7.1	8.8
SekHse	1,270	-10	1,490	1,250	1.4	—		SmthHw	6.16	-.04	7.10	5.95	4.5	—
Setsu	459	+4	512	361	1.1	—		SonGwa	8.30	+.10	9.91	8.10	5.4	—
SvElev	7,850	—	8,560	7,430	—	—		Sthc'p	2.80	+.05	3.90	2.70	—	—
Sharp	1,790	—	1,870	1,520	—	—		Stckld	3.05	-.01	3.70	3	7.8	21.8
ShkEP	2,520	+30	2,860	2,460	—	—		TNT	2.25	+.02	2.58	1.91	—	—
Shmc	999	-3	1,010	775	—	—		TelCpN	3.70	-.04	4.80	3.42	4.7	—
ShErCh	2,110	-40	2,320	1,610	—	—		Wstrmr	8.80	+.16	9.98	8.10	3.4	—
Shogi	881	-5	1,040	840	—	—		W Mng	7.21	-.05	8.54	6.36	1.4	—

HONG KONG (Jun 30 / H.K.$)

[illegible]

MALAYSIA (Jun 30 / MYR)

[illegible]

SINGAPORE (Jun 30 / S$)

[illegible]

AUSTRALIA (Jun 30 / Aust$)

[illegible]

NORTH AMERICA

CANADA

TORONTO (Jun 30 / Can $)

4 pm close

[illegible]

635955	AlcnAl	31⅛		$31⅛	31	11000	Pgasus	22		$22⅛	22
186473	AmBarr	33	-⅛	$33½	33	155134	PetCan	11½	+¼	$11½	11¼
9100	AtcoCl x	13	+½	$13¼	12⅞	212100	PhilEn	8	+¼	$8	7¾
85800	Avenor	21⅛	-⅛	$21½	21⅛	701635	PlDome	29⅝		$30	29⅝
8022	BCSugA	8		$8	7⅞	125200	PowrCp	19¾	-⅛	$20	19½
14417	BC Tel	22⅝	+⅛	$22¾	22½	43500	PowrFn	29⅛	-½	$29⅝	29⅛
538180	BCE	45		$45⅛	44⅝	7200	RayrkY	17	-⅛	$17⅛	17
7583	BCE Mb	35⅞		$36	35⅞	200	RetamS	17½		$17½	17½
3650	BGR A	15⅝		$15¾	15⅝	5437	Rothmn	76	+2¾	576	72
3	Bmswk	9⅞		$9⅞	9⅞	506800	RngOil	9⅛	+½	$9⅛	8⅝
1721020	BkMont	23½	-¼	$24⅛	23⅜	3548	ReedSt	22½		$23¼	22½
1137080	BkNovS x	25	+1	$25¼	24¾	492882	Ren En	28⅞	+⅞	$28¾	28
12308	BeauEx	231	-3	234	231	82900	Repap	400		405	385
155230	BmbdrB	19⅝	+¼	$19⅝	19⅛	52770	Rigel	20½	-½	$21	20½
20000	BowVal	14⅞	+⅛	$15	14¾	40550	RioAlg	22¾		$23⅛	22¾
1272500	Brmlea	22		23	22	627885	RogCmB	19⅞	+¼	$20¼	19½
87773	BrscnA x	18¾	-⅛	$18⅞	18½	991634	RoyBkC	28¾	-⅜	$27⅝	26¾
9745	Brncor	23¼		$23½	23⅛	12500	RoyOak	5⅜	+⅛	$5¼	5⅜

MONTREAL (Jun 30 / Can $)

4 pm close

[illegible]

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1994, except Toronto & Montreal (daily). § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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AFRICA

SOUTH AFRICA (Jun 30 / Rand)

[illegible]

TOKYO - MOST ACTIVE STOCKS: Thursday, June 30, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	9.3m	344	-9	Nitsuko	5.5m	1,530	+90
Mitsubishi Oil	7.8m	1,060	+20	Kawasaki Steel	5.4m	418	+4
Mitsubishi Hvy	6.4m	789	+2	Ashikaga Bank	5.2m	746	+6
Hitachi	6.2m	1,030		Oki Electric	4.2m	794	+14
NEC	5.5m	1,220	+10	Nomura Sec	4.1m	2,380	-40

INDICES

[illegible]

CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Jun	1952.0	1918.0	-22.0	1954.0	1918.0	37,521	17,493
Jul	1948.0	1877.0	-58.0	1949.5	1876.0	31,045	27,047
Sep	1964.0	1894.0	-58.0	1964.0	1890.0	2,560	25,226

Open interest figures for previous day.

US INDICES

Dow Jones	Jun 29	Jun 28	Jun 27	1994 High	1994 Low	Since compilation High	Since compilation Low
Industrials	3667.05	3669.64	3685.50	3978.36 (31/1)	3593.35 (4/4)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	97.27	97.36	97.52	105.61 (21/1)	98.43 (13/5)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	1605.61	1593.48	1599.88	1862.29 (2/2)	1546.02 (20/4)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	178.16	177.10	178.03	227.06 (3/1)	176.71 (24/6)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3711.73 (3705.58) Low 3645.68 (3630.47) (Theoretical♦)
Day's high 3700.40 (3693.92) Low 3661.55 (3639.86) (Actual♦)

Standard and Poors	Jun 29	Jun 28	Jun 27	1994 High	1994 Low	Since compilation High	Since compilation Low
Composite ‡	447.63	446.07	447.31	482.00 (2/2)	438.92 (4/4)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials♥	520.71	519.62	520.82	560.59 (2/2)	510.05 (21/4)	560.59 (2/2/94)	3.62 (21/6/82)
Financial	44.75	44.42	44.71	48.94 (14/6)	41.39 (4/4)	48.49 (28/9/93)	8.64 (1/10/74)
NYSE Comp	246.72	245.80	246.45	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.45 (25/4/42)
Amex Mkt Val	423.48	422.67	425.45	487.88 (2/2)	422.67 (28/6)	487.88 (2/2/94)	29.31 (9/12/72)
NASDAQ Comp	704.01	702.05	702.68	803.93 (18/3)	693.79 (24/6)	803.93 (18/3/94)	54.87 (31/10/72)

RATIOS

	Jun 24	Jun 17	Jun 10	Year ago
Dow Jones Ind. Div. Yield	2.75	2.65	2.68	2.95
	Jun 22	Jun 15	Jun 8	Year ago
S & P Ind. Div. yield	2.46	2.42	2.44	2.51
S & P Ind. P/E ratio	23.18	23.51	23.31	25.42

STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Sep	448.80	448.65	-0.15	450.15	448.50	75,233	195,404
Dec	451.80	451.20	-	452.20	451.20	543	10,646
Mar	-	454.70	-	455.60	-	47	1,992

Open interest figures are for previous day.

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Compaq	3,895,900	32⅝	-⅛
Freeturt	3,409,300	4¼	-⅛
Telefonos	2,941,500	56⅝	+⅞
Acuvay	2,778,400	18⅞	—
Gen Motors	2,541,600	50⅝	-⅛
RJR Nabeco	2,353,000	6	—
Gen Elec	2,271,500	60⅝	-⅛
IBM	2,268,600	47⅝	+⅛
Wal Mart	2,147,800	24⅝	+⅛
Office Dep	2,007,500	20⅝	+1⅛

TRADING ACTIVITY

● Volume (million)	Jun 29	Jun 28	Jun 27
New York SE	263.878	255.288	250.071
Amex	18.049	24.005	18.625
NASDAQ	288.237	260.085	241.231
NYSE			
Issues Traded	2,814	2,815	2,811
Rises	1,237	771	1,085
Falls	849	1,355	1,037
Unchanged	728	689	689
New Highs	14	10	5
New Lows	93	130	161

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock, whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

4 pm close June 30

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close	Chng Prev. Close
17⅝	13⅝	AAR	0.48	3.6	450	100	13¾	d13½	13½	-¼
16⅞	13	A L Labs A x	0.18	1.3	31	368	13¾	13⅝	13¾	+¼
69½	57⅝	AMP	1.68	2.4	24	2584	69⅝	68¼	69¼	-⅛
72¾	52⅛	AMR			30	9321	60¼	59	59⅞	-⅞
5	3⅝	ARX			13	84	4	3⅞	4	+⅛
50½	38⅝	ASA	2.00	4.4	29	1166	45½	44⅞	45⅛	+⅝
31⅝	25⅞	AbbotL	0.76	2.6	17	14040	30	29	29	-⅞
13¾	11⅞	Abitibi Pr	0.50	4.2	6	29	12	11⅞	11⅞	-⅛
23⅝	17¾	ABM Ind	0.52	2.6		86	20⅞	20¼	20¼	-½
13¾	11⅛	Acpancalo			25	169	13⅝	12⅞	13⅝	+¼
31	23¾	ACE Ltd	0.44	1.8	4	116	24⅞	24⅛	24⅞	+⅝
12½	10⅛	ACM Gvt In x	1.09	10.1		589	11⅛	10⅞	10⅞	-⅛
10⅞	7⅞	ACM GvOpp	0.80	9.5		12	8⅝	8½	8⅝	+⅛
10⅝	8⅛	ACM Gvt Sp	0.98	11.6		690	8⅝	8¼	8¼	-⅛
12	9⅛	ACM Gvt Se	1.08	11.4		251	9⅝	9⅜	9⅝	
11¾	8¾	ACM Mun	1.08	11.4		597	9⅝	9½	9½	-¼
9¾	8	ACM Managd	0.72	8.8		200	8⅞	8¼	8⅛	
15½	8¾	AcmeClv	0.44	4.2	12	227	10⅝	10⅞	10⅝	-⅛
9¾	6½	Acme Elect			6	132	8¾	8⅝	8½	+⅛
28¾	23	Acordia	0.60	2.2	14	47	27⅞	27¾	27¾	-⅞
9⅞	5¾	Actava	0.36	4.2	2	53	8¾	8⅝	8⅝	-⅛
15⅝	11¼	Acuson			100	747	13⅞	13⅛	13⅛	-⅛
18⅞	16½	Adams Expr	0.48	2.8	0	140	17⅞	17	17⅛	+⅛
64	46½	Ad Micro	3.00	5.6		46	56⅛	52¾	53¼	-1¾
31¾	16¾	AdvMic	3.00	12.1	10	15988	26⅞	24¾	24⅞	-1⅝
6⅞	5	Advest Grp	0.16	3.0	8	72	6½	5⅞	5⅞	
20	15⅞	Advo Inc x	0.10	0.7	101	1525	15⅞	d15¼	15¼	-⅝
57¾	49⅞	Aegon ADR	2.95	5.7	11	67	51⅞	51½	51¾	-⅞
65¾	49¾	AetnaL	2.76	4.9	8	2562	56¼	55⅝	55⅞	-¼
34⅞	25¼	Aflac	0.46	1.4	14	1159	33¾	32⅝	33¾	+1¼
20¼	16⅞	Ahmson	0.88	4.7	13	3029	19	18⅝	18⅞	+¼

- B -

- C -

- D -

- E -

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- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

Continued on next page

4 pm close June 30

NYSE COMPOSITE PRICES

Continued from previous page

[illegible]

Price data supplied by Telekurs

[illegible]

NASDAQ NATIONAL MARKET

4 pm close June 30

[illegible]

AMEX COMPOSITE PRICES

4 pm close June 30

[illegible]

AMERICA

US stocks decline on weak bonds

Wall Street

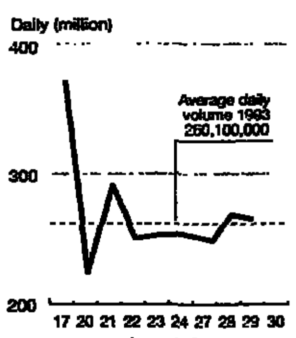
After pausing for a day, US stocks resumed their slide yesterday morning as nervous investors watched long-term bond yields push higher, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones Industrial Average was down 28.77 at 3,648.28, while the more broadly based Standard & Poor's 500 was 1.55 lower at 446.08.

The secondary markets showed more resilience, with the American SE composite off a scant 0.16 at 423.32 and the Nasdaq composite down 0.59 at 703.42.

The morning brought a barrage of fresh economic indicators, none of which had any direct bearing on the outlook for corporate earnings. Nevertheless, stocks were derailed by the bond market's bearish reaction to the data.

NYSE volume



In particular, fixed-rate investors were put off by a jump in the prices paid by Chicago-area manufacturers last month. The Purchasing Management Association of Chicago said its May prices-paid index climbed to 69.7 per cent, against 63.7 per cent the previous month.

The data, which often provide clues about national trends, was a red flag for traders in inflation-sensitive government securities. In response, the yield on the benchmark 30-year security moved within striking distance of the pivotal 7.60 per cent level, sending a shiver through the stock market.

After a positive opening, share prices retreated throughout the morning, although the extent of the losses was exaggerated by the thin trading. Only 149m shares were exchanged on the Big Board by early afternoon, with many *investors getting an early start* on the long Independence Day weekend.

Others preferred to stay on the sidelines pending the outcome of next week's meeting of the Federal Reserve's policy-setting arm. The dollar's plight remained an unpleasant sideshow, further encouraging restraint.

However, two headline acquisition stories provided the session with a touch of spice. CBS was suspended at Wednesday's closing price of $263 following news that the media group was in the final stages of negotiating a merger agreement with QVC, the home-shopping network which had *failed in a bid to acquire* Paramount earlier in the year.

The Nasdaq halted trading in QVC stock before the opening, although some transactions were apparently executed after the suspension. The exchange later voided those trades. The issue closed at $32¾ the previous session.

The second deal involved the more staid railway sector, in which mergers have been rare in recent years. Burlington Northern rose $⅝ to $54¼ and Santa Fe Pacific firmed $⅛ to $20½ after agreeing to combine their operations. The gains were modest because the move has been anticipated by the market for weeks.

Elsewhere in transport, UAL, parent of United Airlines, was marked up $1½ to $128⅞ after modifying the terms of a plan which would result in an employee buy-out of the carrier *if approved by shareholders.*

United Healthcare dropped $1⅞ to $46⅛ on heavy volume of 1.7m shares. There was no obvious news generating the extra activity.

Canada

Toronto was helped ahead at midday by stronger commodity prices and a stable Canadian dollar. The TSE 300 composite index climbed 14.0 to 4,742.20 at noon in volume of 28.73m shares.

Of Toronto's 14 sub-groups, 10 sectors gained ground, including gold and silver, metals and minerals, oil and gas, and forestry products. The consumer products group, industrial products, and pipelines posted slight losses.

Corel Corp fell C$1⅝ to C$25⅝ in the wake of the software group's announcement on Wednesday that second quarter earnings had doubled.

Among actively traded banking stocks, Bank of Montreal edged C$½ higher to C$24⅛ and Canadian Imperial Bank of Commerce moved forward C$⅛ to C$29⅞.

Brazil

Equities were off 4.24 per cent in local currency terms at midday in low volume amid profit-taking and a decline in the US.

The Bovespa index of the 56 *most-traded shares slipped* 1,623 to 36,661 in turnover of Cr320.4bn ($116.5m).

Traders said that investors were taking advantage of the market's rise over the last three sessions to take profits ahead of today's introduction of the real.

● *Inflation in Brazil* was 45.2 per cent in June, a rise of 2.63 per cent from May, *agencies report from Rio de Janeiro.*

S Africa picks up from lows

Johannesburg picked up from the day's lows as the gold bullion price posted a gain, but investors remained nervous about the short term outlook.

The overall index lost 17 at 5,404 and industrials shed 22 to 6,260 but the golds index managed a 19 rise to 2,088.

De Beers dipped 50 cents to R107. The shares had been marked lower on Nasdaq overnight following Wednesday's announcement of first-half sales figures from its Central Selling Organisation which were slightly lower than expected.

Anglos appreciated 50 cents to R226.50 but Gencor softened 50 cents to R10.50. Kloof moved forward 50 cents to R52.75, while Pepkor was down R1.25 to R23 in heavy volume.

EUROPE

Intervention rate cut leaves Paris cold

A further fall in the dollar, and a negative reaction in global bond markets, brought bourses back out of the clouds yesterday, *writes Our Markets Staff.*

PARIS retreated sharply late in the session as the performance in the equity market *was undermined by the expiry* of futures and options.

The CAC-40 index dropped 44.33, or 2.3 per cent, to 1,892.00, bringing its loss over the first six months to 17 per cent, in turnover swelled to some FFr4bn by technical trading.

A cut of 10 basis points in the Bank of France's intervention rate, while taking some analysts by surprise, did little to motivate investors.

Bouygues, off FFr26 at FFr580, was given a long term buy rating by Smith New Court, which forecast a price of FFr750 per share over an 18 months' timespan.

On the way up, Sanofi was FFr6 firmer at FFr861 following news earlier in the week that, as expected, it was to sell its diagnostic imaging business to Hafslund, of Norway.

Eurotunnel slipped a further 60 centimes to FFr22.25 – off 52 per cent over the first half – on news that the passenger service between London and Paris was to be postponed yet again due to technical difficulties.

FRANKFURT decided that talk was cheap, and shares expensive. After much discussion of "window dressing" on Wednesday, and talk of a 2,100 level for the end of the quarter, the Dax index closed 20.96 lower at 2,025.34 after an intraday high of 2,051.32.

Turnover eased from DM7.25bn to DM7bn and, after hours, the Ibis-indicated Dax eased further to 2,020.85. Mr Eckhard Frahm at Merck Finck in Düsseldorf calculated that yesterday's trading left the key index down 4.8 per cent on the month of June, 5.1 per cent lower for the second quarter and 10.6 per cent off for the first six months of 1994.

Banks and insurers were savaged in the first half of the year, the sector indices falling by 21 per cent and 19.3 per cent respectively; among cyclicals, iron and steel rose 6.2 per cent and major chemicals by 1.3 per cent, engineering and automotive stocks tailing off with 2.2 per cent and 4.5 per cent declines after leading the 1993 charge with gains of 60.8 and 58.7 per cent respectively.

However, said Mr Frahm, defensive stocks – in Allianz, Viag, Dresdner Bank and Veba – took four of the top six Dax performance slots in the month of June alone. If long bonds were to recover in the third quarter of this year, he said, it would be interest rate-sensitive stocks, typically banks, insurance companies and utilites, which would be expected to respond in the equity market.

AMSTERDAM featured strength in KLM after a positive performance all week, the shares improving a further Fl 1.30 to Fl 49.70 as the AEX index added 1.24 at 383.54.

KLM advanced 23 per cent over the first half, lifted by the more positive outlook for airlines which emerged over the last few months.

Analysts have turned positive on the industry in general and, on a worldwide basis, Merrill Lynch said in a recent comment on the sector that it expected a return to profitability in 1994, assisted by an increase in traffic of about 7 per cent this year and next.

With regard to KLM, Merrill noted that the carrier had demonstrated to its competitors that costs could be brought down and assets used more intensively.

MILAN remained indecisive and the Comit index gave up 8.44 to 689.59 during another day of thin turnover.

Fiat began firmly, spurting to a day's high of L6,525 before turning back to finish a net L76 lower at L6,376 in spite of an upbeat statement on the outlook from Mr Giovanni Agnelli, the chairman. Mr Nicholas Potter at Credito Italiano International, who has been positive on the motor group's turnround potential since last November, admitted that he was taken by surprise by the forecast of a return to profits this year after last year's L1,700bn loss.

Benetton fell L950, or 4 per cent, to L23,100 amid worries that the volatile dollar could hit the clothing group's export earnings. The shares have fallen by 8.9 per cent this week.

ZURICH was subdued as late selling overcame a positive early performance, and the SMI index gave up 22.4 to 2,608.8, under pressure from a weak futures market.

Banks remained at the centre of attention as CS Investment Research recommended the sector following the recent steep share price falls, but Salomon Brothers revised down its profits forecasts.

UBS bearers fell SFr17 to SFr1,162, against a February high of SFr1,499, and CS Holding slipped SFr1 to SFr558, compared with the year's peak of SFr765.

TEL AVIV accelerated its rate of decline, the Mishtanim blue chip index falling a further 4.95 to 159.40 to end the week with a drop of 8.2 per cent, after a decline of 3.1 per cent in the week before.

Written and edited by William Cochrane, John Pitt and Michael Morgan

FT-SE Actuaries Share Indices

Jun 30 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1340.37	1337.97	1334.17	1329.94	1329.34	1326.57	1325.43	1322.54
FT-SE Eurotrack 200	1369.58	1367.57	1366.50	1361.88	1358.03	1358.38	1357.23	1352.98

	Jun 29	Jun 28	Jun 27	Jun 24	Jun 23
FT-SE Eurotrack 100	1331.90	1327.83	1313.43	1328.34	1336.96
FT-SE Eurotrack 200	1362.45	1354.56	1342.95	1354.15	1368.22

Base 1000 (26/10/90); High/day: 100 - 1340.37; 200 - 1370.91 Low/day: 100 - 1322.54 200 - 1352.98

Spanish telecoms prospect

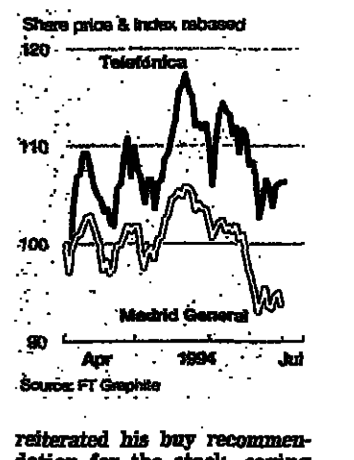
By William Cochrane

Three months ago, the Spanish government brought forward to 1998 plans for the full liberalisation of the Spanish telecommunications market.

Telefónica, the Spanish operator, has risen by 12 per cent relative to the Madrid general index over the June quarter.

However, European equities have been weak over the past month, and Spain weaker, so on Monday Telefónica, at Pta1,730, was down Pta110 since the beginning of June.

At this point Mr Bill Coleman, telecommunications analyst at James Capel in London, reiterated his buy recommendation for the stock, saying that it seems now that liberalisation may proceed even faster than expected in the spring, with the Spanish government poised to enact new legislation for mobile telephony and cable television networks this summer. The shares held at Pta1,770 against a weak market last night.



Source: FT Graphite

Mr Coleman thinks that Telefónica is also set to form an alliance with Unisource, the Dutch/Swedish/Swiss joint venture, by taking an equity stake in the latter, which may take a reciprocal shareholding in Internacional.

"In turn," he says, "the Spanish government is likely to dispose of its 23.8 per cent stake in Telefónica Internacional by the end of the year, and pave the way for a possible spin-off of Telefónica's cellular radio activities."

ASIA PACIFIC

Nikkei unperturbed by Socialist premier

Tokyo

Equities moved higher on expectations that the country's overall policies would remain unchanged in spite of the appointment of the first Socialist prime minister for 47 years, *writes Emiko Terazono in Tokyo.*

The Nikkei 225 average ended 162.93 firmer at 20,643.93, after declining to a day's low of 20,246.45 during the first half-hour of trading on index-linked selling, prompted by Wednesday's fall on the Chicago futures market. Later buying by public funds and dealers lifted the index to the session's peak of 20,684.14 in the afternoon.

Worries about the new government receded as important posts such as the finance minister and the trade minister were filled by Liberal Democrats or former Liberal Democratic Party members.

Investors were also encouraged by hopes that the new government would be more fiscally expansionist – the socialists have been advocating income tax cuts without a rise in consumption taxes.

Meanwhile, speculation that Y440bn in public pension funds was likely to be allocated to *the stock market also triggered* buying.

Volume amounted to 440m shares, against 315m. "We were afraid that foreign investors would turn sellers, but they ended up net buyers, and that encouraged sentiment," said one Japanese broker.

The Topix index of all first section stocks rose 6.70 to 1,673.32, while the Nikkei 300 put on 1.16 at 304.62. Advances led falls by 626 to 381, with 169 issues unchanged. In London the ISE/Nikkei 50 index edged up 1.33 to 1,358.42.

High-technology issues continued to be sought, Oki Electric climbing Y14 to Y794. Companies linked to the portable telephone market theme were also strong, with Nitsuko, a telecom equipment maker, adding Y90 at Y1,530 and Ushio Y20 at Y1,170. Nippon Telegraph and Telephone moved ahead Y17,000 to Y875,000.

However, DDI, a long distance telephone operator, which had surged earlier this week on the same theme, met profit-taking and retreated Y110,000 to Y9.42m, while Kyocera, its leading shareholder, shed Y80 to Y7,370.

Profit-taking also depressed some large-capital stocks. Nippon Steel dipped Y9 to Y344, but Mitsubishi Heavy Industries put on Y2 at Y789 and Kawasaki Steel Y4 at Y418.

In Osaka, the OSE average rose 58.63 to 23,092.26 in volume of 20.5m shares. Murata Manufacturing, the day's most active issue, fell Y50 to Y4,640, while Nintendo, the video game maker, appreciated Y90 to Y7,140.

Roundup

The region's markets moved on a range of individual stories.

HONG KONG appeared to take the Legislative Council's approval of Governor Chris Patten's controversial proposals for political reform in its stride, said Mr Michael Franklin of James Capel. It was, however, heartened by news of a settlement of the long Sino-British dispute over Hong Kong's military sites.

The Hang Seng index finished 118.10, or 1.4 per cent, higher at 8,758.41, but was off the day's best of 8,843.68.

Some Japanese demand was noted, but turnover of around HK$3.20bn was on the low side.

Finance issues were actively traded. HSBC Holdings rose HK$1.50 to HK$84.50 and Hang Seng Bank HK$2 to HK$52.

KUALA LUMPUR ended mixed after a further day of unexceptional trading, with some blue-chip buying linked to year-end book closures again supporting the composite index, which gained 1.47 at 1,011.58.

Volume of 110m shares was inflated by 16m shares traded in Damansara Realty, which continued to be driven by rumours of an asset injection. The stock climbed to a high of M$2.38 before closing 2 cents easier on the day at M$2.28.

TAIPEI saw outperformance in the cement sector, up 1.3 per cent, as the weighted index ended the session off 0.55 at 5,932.60. Turnover fell to T$38.82bn from T$41.23bn.

Petrochemicals continued to be sought following recent price rises: China Petrochemical added 70 cents at T$28.70 and Union Petrochemical T$1.30 at T$46.10.

MANILA rose on a technical rebound helped by a good overnight gain in PLDT in New York. The composite index improved 14.87 to 2,746.36 in turnover of 936.2m pesos.

PLDT advanced 15 pesos to 1,670 pesos after rising $⅜ to $60⅝ in the US.

Brokers commented that many investors were taking positions ahead of the listing next month of Petron, the Philippines' biggest oil refiner.

SYDNEY remained firm in spite of a bigger than expected rise in building approvals and a widening of the current *account deficit which triggered* a sell-off in bonds. The All Ordinaries index moved forward 14.0 to 1,989.1. Turnover came to A$452m.

The latest economic data raised expectations that interest rates might have to be lifted in the near future.

Foster's Brewing was the day's most active issue on rumours that BHP could be selling its stake to Philip Morris. Foster's ended unchanged at A$1.06, Philip Morris was untraded, and BHP, which publishes its annual results today, was up 14 cents at A$18.00.

SINGAPORE was mixed, although the Straits Times Industrial index rose 6.50 to 2,224.91, supported by renewed demand for some recently neglected stocks.

SEOUL was flat, with persis*tent consolidation of blue chips* keeping pace with selective gains. The composite stock index eased 0.60 to 933.36.

WELLINGTON was higher ahead of the budget announcement, which came after the close of trading. The NZSE-40 capital index gained 14.61 at 1,996.88 in turnover of NZ$41m.

Telecom led the risers, firming 8 cents to NZ$4.53.

KARACHI encountered institutional support on the first day of the new account. The KSE index moved up 3.72 to 2,333.02, but overall losers led gainers by 171 to 140.

BOMBAY was depressed by selling across a broad front on the last day of the account in specified and cash shares.

The BSE 30-share index finished 53.58 down at 4,086.72 in a continuation of the correction seen since the market hit a 26-month high on June 20.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JUNE 29 1994								TUESDAY JUNE 28 1994					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (69)	163.33	0.2	156.52	101.87	134.37	150.08	0.1	3.67	163.01	156.26	103.26	134.21	149.97	169.15	131.37	131.37
Austria (17)	187.52	1.1	179.71	116.96	154.28	154.12	0.9	1.04	185.52	177.84	117.51	152.66	152.74	195.41	142.90	148.15
Belgium (37)	166.70	0.3	159.76	103.98	137.15	134.02	0.2	4.13	166.14	159.27	105.24	135.90	133.78	176.67	143.62	146.06
Canada (106)	122.59	1.1	117.49	76.47	100.86	122.76	0.9	2.76	121.23	116.22	76.79	99.23	121.71	145.31	120.54	128.31
Denmark (33)	261.94	1.4	251.03	163.38	215.51	221.25	1.2	1.33	258.23	247.61	163.61	212.82	218.56	275.79	207.58	218.80
Finland (24)	145.15	0.9	139.10	90.54	119.42	160.24	0.8	0.89	143.89	137.94	91.15	118.56	159.02	156.72	91.18	91.18
France (97)	165.36	0.6	158.47	103.14	136.05	140.81	0.5	3.19	164.41	157.61	104.14	135.47	140.05	185.37	149.60	154.41
Germany (58)	137.83	1.1	132.09	85.97	113.39	113.39	1.0	1.82	136.26	130.63	86.31	112.27	112.27	147.07	108.78	110.09
Hong Kong (56)	351.13	-0.5	336.51	219.02	288.89	348.41	-0.5	3.40	353.01	338.41	223.61	290.88	350.29	506.56	271.42	287.05
Ireland (14)	184.58	0.2	176.89	115.13	151.66	170.12	0.2	3.59	184.11	176.50	116.62	151.71	169.82	209.33	155.93	162.74
Italy (60)	84.23	-0.6	80.72	52.54	69.30	98.61	-0.4	1.60	84.76	81.26	53.69	69.94	99.02	97.78	57.88	67.80
Japan (469)	168.85	1.2	161.81	105.32	138.92	105.32	-0.4	0.73	166.87	159.97	105.70	137.50	105.70	168.85	124.54	146.29
Malaysia (98)	464.54	-0.4	445.19	289.75	382.19	466.04	-0.1	1.75	466.21	446.94	295.32	384.16	466.52	621.63	322.60	326.01
Mexico (18)	1879.64	-0.5	1801.34	1172.40	1546.42	6967.83	-0.5	1.12	1889.81	1811.64	1197.08	1557.14	7005.53	2647.08	1481.21	1514.08
Netherland (27)	197.80	0.3	189.56	123.38	162.74	180.23	0.1	3.55	197.21	189.05	124.92	162.50	180.28	207.43	164.59	168.91
New Zealand (14)	65.16	0.3	62.43	40.65	53.61	58.35	0.2	4.19	64.95	62.26	41.14	53.51	58.21	77.59	49.91	50.10
Norway (23)	189.62	1.4	181.72	118.27	156.00	177.47	1.3	1.68	187.07	179.33	118.50	154.14	175.26	206.42	152.73	152.73
Singapore (44)	334.43	0.1	320.50	208.60	275.15	234.75	0.0	1.80	334.11	320.29	211.64	275.50	234.77	378.92	244.27	250.30
South Africa (59)	266.52	-1.3	255.42	166.24	219.27	276.99	-1.2	2.28	270.04	258.87	171.06	222.51	280.36	294.68	175.93	196.88
Spain (42)	139.87	0.8	134.04	87.24	115.07	137.60	0.3	4.19	138.77	133.03	87.90	114.35	137.33	155.79	116.33	125.42
Sweden (36)	208.00	0.2	199.34	129.74	171.13	235.12	0.5	1.70	207.57	198.99	131.48	171.03	233.89	231.35	166.07	166.30
Switzerland (47)	161.60	0.6	154.87	100.80	132.95	133.50	0.6	1.82	160.62	153.97	101.74	132.34	132.74	176.56	124.48	128.00
United Kingdom (205)	185.84	1.3	178.10	115.92	152.90	178.10	1.2	4.22	183.49	175.90	116.23	151.19	175.90	214.96	170.32	176.40
USA (519)	182.55	0.3	174.94	113.86	150.19	182.55	0.3	2.94	181.93	174.41	115.24	149.91	181.93	196.04	178.95	184.38
EUROPE (720)	164.22	0.8	157.38	102.43	135.11	148.38	0.8	3.14	162.85	156.12	103.16	134.19	147.24	178.58	142.48	144.45
Nordic (116)	203.97	0.7	195.47	127.22	167.81	198.78	0.8	1.50	202.59	194.21	128.33	166.92	197.22	220.60	159.98	159.98
Pacific Basin (750)	174.74	1.0	167.46	108.99	143.77	114.26	-0.3	1.04	173.03	165.87	109.60	142.57	114.65	174.74	134.72	149.83
Euro-Pacific (1470)	170.19	0.9	163.10	106.15	140.02	128.26	0.1	1.89	168.62	161.65	106.81	138.94	128.12	170.78	143.86	147.51
North America (625)	178.83	0.4	171.38	111.54	147.13	178.46	0.4	2.93	178.17	170.80	112.86	146.81	177.52	192.73	175.67	180.90
Europe Ex. UK (515)	148.74	0.6	142.55	92.78	122.37	130.09	0.5	2.51	147.89	141.77	93.68	121.85	129.45	157.47	123.61	124.71
Pacific Ex. Japan (281)	236.16	-0.2	226.32	147.30	194.30	212.98	-0.2	3.00	236.62	226.83	149.88	194.97	213.39	296.21	184.86	184.86
World Ex. US (1653)	170.72	0.9	163.61	106.48	140.45	131.33	0.1	1.91	169.24	162.24	107.20	139.44	131.20	172.51	145.58	148.19
World Ex. UK (1967)	172.44	0.6	165.25	107.56	141.87	144.20	0.1	2.08	171.36	164.27	108.54	141.19	144.09	175.58	155.96	157.67
World Ex. So. Af. (2113)	173.09	0.7	165.87	107.96	142.40	146.40	0.2	2.26	171.86	164.75	108.86	141.51	146.11	178.56	157.61	159.18
World Ex. Japan (1703)	178.65	0.6	171.20	111.43	146.97	171.06	0.4	2.93	177.82	170.47	112.64	146.52	170.32	195.20	168.06	168.11
The World Index (2172)	173.64	0.7	166.41	108.31	142.86	147.37	0.2	2.26	172.45	165.32	109.24	142.09	147.11	176.97	157.89	169.33

Latest prices were unavailable for this edition.

هكذا من الأصل

RECRUITMENT

Jobs: The way we approach our work may be governed by which part of the mind controls our thinking

Brain power and the drive for enterprise

If you are thinking about a completely new job or taking a fresh look at your career prospects, some might suggest you should have your head examined. Not phrenology, the pseudo science of reading your bumps, but an assessment of which part of the brain dominates your thinking.

A group of information and technology managers and directors from large British employers, including Barclays, Tesco, the BBC and the Department of Employment did just that last week at a one-day leadership course organised by CSC Index, the management consultancy.

The course was set up in response to a belief, outlined recently by Peter Breen, managing partner of Heidrick & Struggles, the headhunting company, that information technology directors of chief executive officer calibre are beginning to emerge in the UK.

Each of the course members had completed assessments beforehand, which measured their thinking styles. The measures were based on definitions outlined by Ned Herrmann, a sometime physicist, sculptor and later general manager in the US who developed the split-brain theories that emerged in the 1970s.

While many scientists working in the field were distinguishing between the different qualities of the left and right sides of the brain, Herrmann combined them with perceived qualities in the upper (cerebral) and lower (limbic) brain. Thus he defined four discernible styles of thinking.

The popularity of team-working in many companies has attracted renewed attention to his ideas as organisations attempt to create the most effective teams, comprising people with differing but ideally complimentary approaches to the way they tackle their work.

What do we mean by left-brained and right-brained thinking? Susaan Straus, a Herrmann disciple and former vice-president of CSC Index, before forming her own company, Performance Resources, explains that the left and right hemispheres produce different patterns of thinking and one side tends to dominate.

The left side uses sequential processing: it looks at detail, splits the world into identifiable bits and pieces, has the power of syntax and uses logic and the grammatical stringing together of words. The right uses simultaneous processing, deals with the whole thing, can remember complex images, thinks in pictures and also open-endedly.

Straus illustrates the differences with this story of two fathers, Bob (left-brained) and Harry (right-brained) who decide to buy their sons tricycles for their birthdays. Bob tours cycle dealers, scours catalogues, compares prices and checks consumer reports. A mail order model seems cheapest and best so he orders it well in advance. Harry makes a mental note that he liked the blue bike he saw somewhere.

When the package arrives, Bob puts it to one side in a space he has prepared and only gets it out two days before his boy's birthday. On the same evening Harry is asking himself: "Did I order it, and, if I did, where did I put it?"

Bob clears a space on the garage floor, gets a bag for the rubbish, takes out his Swiss Army pen-knife, scores the plastic wrapper and carefully removes the instructions. He reads them, top to bottom. Each of the components are counted out and placed in neat piles on the floor. Within half an hour, the tricycle is assembled and ready for use.

Harry doesn't have a pen-knife. He clenches his fist and punches a hole through the package, tearing off the plastic wrapper and cardboard and emptying the contents over the lounge floor. A few pieces have fallen under the sofa with the instructions.

Harry's search is short lived. He has found a little bell, just like the one he had on his own bike as a youngster. He likes the way it rings and finds that it's easy to fit onto the handle bars. Discovering the instructions, he consults the picture of the completed tricycle and adopts the traditional right-brained assembly method: if it doesn't fit, force it. In half an hour he, too, has a fully assembled tricycle . . . alongside a small pile of "spares".

We probably all have a bit of Bob and Harry in us when we approach our work. What Straus was doing with her IT group was to discover the extent to which either style might dominate our thinking.

Splitting the brain further in the Herrmann model, those whose thinking is dominated by the upper left brain tend to be logicians most concerned with the question "What?" Lower left-brained people are implementers or organisers who address the question "How?" Lower right-sided thinkers deal with the question "Why?" and are perhaps best defined as collaborators. Upper-right sided thinkers are the visionaries who ask "What if?"

The team-combination of such individuals can be found in fiction if not in fact. The star ship Enterprise in Star Trek, the television series creation of Gene Roddenberry, is led by Captain Kirk, the upper right-sided visionary who relies heavily on Spock, his upper left-sided second in command. Scotty, the lower left-sided chief engineer, keeps the space craft going and McCoy is the lower right-sided, understanding doctor who finds himself at odds with Spock.

Herrmann found certain thinking profiles dominating in different kinds of jobs. Entrepreneurs were exceptionally upper-right minded. So were strategic planners but with an added inclination to the upper left brain. Sales managers had strong pulls to the upper right and lower left. Administrators were strongly lower left minded, engineering managers strongly upper left. Research and development managers had almost equal tendencies towards the upper right and left sides. Chief executives had some of the most even thinking patterns, slightly stronger towards the upper right, slightly weaker to the lower left.

Listing the business qualities evident in these different thinking modes, Herrmann suggests that the upper left-sided leader is good at gathering facts, arguing rationally, logical problem solving, understanding technical elements and considering financial aspects. A common criticism might be that he or she is "too critical and cold". Lower left-sided managers are good at finding flaws, approaching problems practically, demonstrating consistency, stability, working on time and paying attention to detail. They might be dismissed as "boring or unimaginative".

Lower right-sided managers can recognise interpersonal difficulties, understand how others feel, can integrate, teach and engender enthusiasm. Critics might call them a "soft touch". Upper right-sided people can read signs of coming change, recognise new possibilities, inspire and problem solve intuitively, can see the big picture. Detractors might think they have their heads in the clouds.

Straus picked two groups of people seemingly at random, from the course participants and asked them to go to separate rooms and draw up a brief report listing what sort of work they liked best and common characteristics. In fact the groups had been chosen for their right and left-sided tendencies from their assessment scores.

Predictably the left-sided group returned punctually, while the right-sided group was late. Not only did the various attributes fit expectations, so did the way they were presented. The left-sided people produced a neat, numbered list. The right-sided had jumbled lists on two sheets of paper with crossings out.

The difficult part for organisations seeking to harness these different thinking styles is to create their own "Enterprise". Straus says: "The best quality decisions or solutions will come from perspectives that draw on all four thinking styles to produce the whole brain solution." The mistake of some managers, she says, is to write people off because they think differently. "The challenge is to cover all the bases."

Richard Donkin

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ACCOUNTANCY COLUMN

Lawson lifts the veil on professional issues

Andrew Jack talks to the new president of the Institute of Chartered Accountants in England and Wales

Two years of bombardment by the headquarters bureaucrats at Moorgate Place in London have clearly not yet had their full intended crushing effect on the new president of the Institute of Chartered Accountants in England and Wales.

Chatting to the FT earlier this week while "minded" by Andrew Colquhoun, secretary and chief executive of the institute, Roger Lawson allowed his official presidential veil to slip periodically – and without much forced tugging.

It is not that Lawson has managed to entirely clear his agenda. Barely settled into his office since starting in his role earlier this month, our conversation was squeezed in between an interview with another journalist and a lunch with John Redwood, the Welsh secretary.

Some of his presidential predecessors have certainly been known to succumb to the ministerial "red box" trick beloved of civil servants: drowning their bosses beneath torrents of irrelevant paperwork.

Within the institute, there is the additional risk from the gallons of drink at innumerable receptions and dinners, leaving little time to develop personal visions – let alone be allowed the chance to implement them.

But Lawson is certainly willing to offer contentious views. "It is entirely appropriate that there should be greater transparency [from accountancy firms] for buyers of services so they can be satisfied of the financial strength or otherwise of the people with whom they are doing business," he says in a swipe at the firms' traditional refusal to disclose their accounts.


Roger Lawson: contentious views

"Of course any action along these lines would be up to the member firms themselves to take," Colquhoun hastily interjects. "The institute would only be involved in prescribing activities if there was a clear public interest issue."

On other topics, a more familiar institute line quickly emerges. "The legal claims against accountants are completely out of proportion," Lawson says, echoing standing policy which calls for lobbying to repeal company law to allow auditors to cap their liability.

In the same vein, he says there is no tension between the "dual roles" of the institute: as both trade association for its members and regulator in the public interest. "These roles have co-existed for one hundred years," he says. "I do hold the official line."

The defensive barriers also go up on the institute's disastrous investment in Accountancy Television, which fell into the hands of the receivers. "It's an unhappy episode," Lawson says. "We were trying to create a medium for our own members and others. We believed it was the way education was going to go."

Soon, no doubt, there will be letters to newspapers and magazines (signed by him though often penned by officials) taking the establishment line against some attack or other on the reputation of the profession.

Asked about whether he is concerned about "lowballing" or predatory pricing as larger firms undercut their smaller rivals in tenders for work, for example, he replies that it is something already considered by the chartered accountants joint ethics committee.

Even so, there is a Lawson twist. "It is an issue about which we remain nervous," he says. "Any firm that puts in a price must demonstrate that it does not compromise on quality or it could be subject to reprimand."

Colquhoun adds that the committee would have preferred to take a stronger line, but was held back at the insistence of the Office of Fair Trading, which apparently claimed interference in pricing by the institute would have interfered with competition.

Like all those before him, Lawson has a list of ideas for change during his year in office. The first is restructuring the professional bodies – reducing the existing six leading organisations to one, with regional and functional arms. "It was appropriate 25 years ago and it is still appropriate," he says.

He argues there may be a need to make the case for reform more clearly, particularly to younger members. "We've been unblushingly gentlemanly in our approach so far. It would be a shame if we didn't grasp the opportunity. I am sorry not to use more passionate, emotional words but this is a case based upon logic."

Lawson's second target is to improve the image of chartered accountancy. "We've got to get the branding right, to make sure the public are aware of the rigorous training of the qualification and distinguish it from non-qualified people," he says. This will involve publicity to students and employers, and persuading local practitioners that they can provide "added value" to their clients.

His third aim is to review the technical provision of the institute: to respond to changing issues, ensure that members remain competitive, and support the role of the Research Board that funds academic work.

Finally, he talks about the need for internal changes to the institute to understand its members' needs. "We need to move from a Whitehall mentality to being a more market-driven organisation," he says as Colquhoun (an ex-Foreign Office civil servant) sits quietly. "I'll be tinkering at the edges rather than carving the place up," he adds reassuringly. "Consensus management is vital."

None of these topics is perhaps as snappy as one of those of the president before last, Ian Plaistowe: that on disciplinary matters, the institute should be "firm, fast and fair". Such catchphrases can have the habit of returning to haunt their authors. The jury is still out on whether this aim has yet been achieved.

Lawson concedes that a recent defeat in the courts of the profession's joint disciplinary scheme – which was attempting to investigate Price Waterhouse's audit of the Bank of Credit and Commerce International – could spell the end of self-regulation. On audit regulation too, he sees the need for "a slightly lighter touch" from inspectors.

One reason for his slightly unorthodox views is an unusual background. Until the second world war, the by-laws of the institute expressly forbade a chartered accountant outside public practice to take senior office. He is now the fourth member from business to inherit the top seat.

During his year in office, he remains on the staff (indeed the second-longest serving person after a secretary) as a director of 3i, the venture capital company, which he says is "fully supportive" of his activities.

Equally important, Lawson is also the first president to have won his place in a contested election. In the past, any list of contenders for the throne was whittled down in smoke-filled rooms, before a single name was placed for ratification in front of the institute's council.

"I think the election has given me a greater degree of confidence than I otherwise would have had if I had arrived here because it was Buggins' turn," he says. "I will stand up and say what I believe."

INVESTMENT BANKING

Career Opportunities in Financial Control

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Barings is a long established, international financial services group, providing a range of financial services to our clients who include governments, international agencies, industrial companies and private individuals.

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We are looking to recruit a number of ACAs with a Top 5 firm background to join our Financial Control team. You may have recently qualified or have up to three years' PQE. In whichever role you join Barings, you will be based initially in London; but for the right individuals we can offer career progression opportunities both here and abroad in our expanding network of offices.

We seek individuals with an impressive academic record, initiative and the willingness to learn and develop new skills. Enthusiastic and ambitious, you must be able to function effectively both individually and as part of a team. A confident communicator, with well developed interpersonal skills, you have the capacity to become fully aware of the broader business issues.

You will find the Barings' culture demanding, yet supportive, and benefit from a flat, lean organisational structure and a significant on-going investment in technology. However, in a business where the people make the difference, we do expect you to make a full commercial and personal contribution.

The rewards include a competitive salary and benefits package, including private medical insurance, non-contributory pension scheme and discretionary bonus; we expect that the opportunity of gaining a broad insight into our business will be just as important to the right candidates. This is an excellent entry point into a diverse and expanding business.

In the first instance, please write with full career and salary details to Ruth Norman, Personnel Department, Barings, 8 Bishopsgate, London EC2N 4AE.

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Salary £27,500 pa

We are a fast growing service company in the field of Aviation. We urgently need an enthusiastic qualified accountant to fill the above vacancy.

You must be a graduate qualified CIMA with relevant experience of at least 3 years. You must be able to speak Arabic, have a strong academic record, excellent communication skills and a positive commercial outlook.

Reporting to the MD, you will be expected to work on your own initiative, to have the authority and confidence to make key decisions within the organisation and to interact with our clients at executive level.

Applications are returnable by the 15th of July 1994. Shortlisted candidates will be interviewed on the 28th of July 1994. Previous applicants may reapply.

Please write or phone for an Application form, detailed job description and specification to Miss Lisa Jackman at: Cavenair Ltd, 6th Floor, 9 Cavendish Place, London W1M 9DL. Tel: 071 637 3773

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B

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Within the already established Frankfurt operation, this new position will allow an experienced accounting professional to develop and restructure both the systems and reporting approach in a highly sophisticated and dynamic environment. The role will entail working closely with the local front office responsible for bonds, equity derivatives and syndications, as well as senior management in the trading and finance areas in London and New York.

Candidates should clearly demonstrate an impeccable academic record combined with 2-3 years relevant experience gained at an international banking or securities house or, alternatively, within the profession. Highly developed communication skills are essential, although fluency in German is not a pre-requisite.

This is a rare opportunity for an individual to enter into a high profile role, where the level of responsibility and influence is significant. The ability to act decisively and provide effective solutions is paramount and will afford the successful individual outstanding further career development within the global organisation.

Interested candidates should contact **Jacqueline Long on (44) 71 209 1000**, eves & weekends **(44) 474 874473** or write to her enclosing a CV at **FSS Europe, Charlotte House, 14 Windmill Street, London W1P 2DY, United Kingdom. Fax: (44) 71 209 0001.**

FSS EUROPE

Financial Controller

Deutschland

Jahresgehalt CA. 120.000,-DM

Cape Contracts ist eines der führenden Unternehmen in Europa im Bereich Montage von Kälte-, Wärme-, Schall, Feuerfest-Isolierung sowie Brandschutz und Asbestsanierung und deckt mit seinen Dienstleistungen sowohl den industriellen als auch den privaten Sektor ab. Die deutsche Tochtergesellschaft in Borken bei Kassel ist der Schlüssel zu unserer Zukunft in Europa.

Wit suchen einen direkt dem Geschäftsführer unterstellten Financial Controller, der für das gesamte Finanzwesen unseres deutschen Unternehmens zuständig ist.

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CAPE

CONTRACTS

DIRECTOR OF FINANCE

West Midlands **c£45,000 + Benefits + Bonus**

THE COMPANY

Gibson Greetings Inc, the third largest greetings card publisher in the USA, established UK and European operations in 1992.

Highly regarded for product quality and customer service in a direct-to-retail environment, Gibson Greetings has quickly established a position of leadership in what is a very competitive market.

THE POSITION

Key member of UK Management Group required to drive the Finance and IT functions during this challenging development phase, establishing the systems, policies and procedures to move the business forward in the long term.

Reporting to the European-based MD with functional responsibilities to VP Finance in Cincinnati, USA.

QUALIFICATIONS

- Graduate, qualified accountant, aged 35 to 45, with proven track record in commercial environment.
- Treasury, Management Accounting and Costing experience.
- Highly computer literate, experienced in selection, implementation and development of IT systems.
- Key strengths will include experience of USA reporting, background in manufacturing and skills at operational, business planning and strategic levels.
- Team player approach is essential.

Please write, in confidence, enclosing CV to: Peter M Osman FCA, Managing Director, GIBSON GREETINGS INTERNATIONAL LIMITED, Gibson House, Hortonwood 30, Telford TF1 4ET.

Gibson

Management of Change

Director of Finance & MIS

West Midlands c£60,000 + Executive Benefits

Organic growth and acquisitions have taken this company's turnover to £1.4 billion and complemented its traditional activity with entry into new markets to become a major force in catering and food retailing.

The result of this growth has been change both culturally and financially and nowhere has its effects been felt more keenly than in the finance function.

The ability of finance to manage this change has been one of the main reasons why the transformation has been so successful. To continue that process, a Director of Finance and Management Information Systems needs to be appointed to the group's largest company, which employs 20,000 people in over 3,000 outlets and generates a turnover of £320 million.

Investment in IT has so enhanced the quality of management information that it has given the company a significant advantage over its competitors and building on that strategy will be the major thrust of this position. This, coupled with the integration of the financial reporting of different companies, whilst still providing accurate management information and fulfilling statutory obligations, makes for a rare and challenging role.

Candidates must be qualified accountants from the retail or service sectors who have managed a Systems function as part of their responsibilities and who will be comfortable operating as Finance Director in a company of this size and complexity. The level and frequency of both internal and external contact means good inter-personal skills are essential.

Please send a full career resumé including a daytime telephone number and salary history, quoting reference number B/156, to: E. P. Larder, Riley Consultancy Services, Centre Court, 1301 Stratford Road, Hall Green, Birmingham, B28 9AP.

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LIFFE

The London International Financial Futures and Options Exchange

Price Waterhouse

EXECUTIVE SEARCH & SELECTION

Financial Controller

c.£60,000 + car + benefits City

The London International Financial Futures and Options Exchange (LIFFE) is amongst the top three futures and options exchanges in the world.

Their continued success and growth means that they now wish to appoint a Financial Controller to make a key contribution to the management and development of an effective and forward looking finance function. Reporting to the Director of Finance, major responsibilities will include the control of:

- Production and interpretation of financial management information, including financial results, budgets, forecasts, and plans, to tight reporting deadlines
- Enhancement of their treasury activities
- Development, implementation and enhancement of financial and management information systems
- The day to day management of an accounts team.

Probably aged in your late 40s to early 50s, you will be able to demonstrate:

- A strong track record in financial management and control, probably gained at Financial Controller/Finance Director level in a major services/financial services organisation
- Excellent staff management skills with strong leadership qualities
- Substantial experience in developing and co-ordinating effective and controlled accounting and MIS systems
- Excellent communication skills with the ability to promote financial awareness throughout the Exchange.

Please write, quoting your salary and reference J/1465 and enclosing a full CV, to Judith Richardson at:
Executive Search & Selection, Price Waterhouse,
Milton Gate, 1 Moor Lane, London EC2Y 9PB.

Finance Director

London From £85,000

Our client is a division of a major plc with international interests in the Energy and Process sectors. It has diversified into new markets, with significant success through joint ventures and strategic alliances and now has an annual turnover in excess of £650 million.

To maintain its premier market position, it is currently undergoing a programme of business process re-engineering, implementing a fundamental review of how the needs of the business are serviced.

The Finance Director will report directly to the Chairman and will be responsible for the formulation of financial targets, administration of corporate development initiatives and attainment of cost-efficient business services.

As an integral member of the executive team, with custody over the future direction of the business, you must have the necessary stature and ability to make a significant contribution.

Applicants must have a proven track record in enhancing business services and the provision of considered financial input to the overall benefit of business and profit performance. Experience of the engineering-based contracting sector would be highly advantageous.

Please send a detailed CV, quoting reference M/484/94, to Steven French.

Closing date for receipt of applications is Friday 8th July 1994. Interviews will be held in London.

KPMG Selection & Search

St. James' Square, Manchester M2 6DS.

AYLESBURY VALE COMMUNITY HEALTHCARE

DIRECTOR OF FINANCE

c.£42k plus car and benefits

We have a reputation of being a market leader in providing community based services and we are continually looking at innovative ways of improving these. We are a successful 2nd wave Trust with a contract income of £25m and our services cover Adult Mental Health, Elderly Mental Health, Learning Disabilities, General Community, Physical Rehabilitation, Palliative Care and a Child and Family Directorate.

Due to the promotion of our current postholder, we are seeking an experienced Director to head up our well developed Finance and Information Services and maintain the Trust's outstanding financial record. As an Executive Member of the Board you will also play a key role in the corporate development of the Trust.

The successful candidate will have:-

- 3-5 years experience at or near board level in a complex organisation
- A CCAB qualification with a minimum of 5 years post qualification experience
- The ability to plan and drive through new initiatives and the leadership to motivate others to the same level of commitment
- The ability to analyse situations and present clear solutions
- The personal skills to work with staff at all levels including fellow Board Members and professional colleagues

Aylesbury is situated close to London in an area of outstanding beauty with high standards of local schooling including excellent grammar schools. A competitive benefits package is on offer with a lease car, PRP and relocation expenses.

After you have received the information pack you may like to contact Bronwen Davies, Chief Executive (Tel No: 0296 393363 ext 595) for an informal discussion.

For an information pack and application form please contact Ralph Griffiths, Director of Personnel, Aylesbury Vale Community Healthcare Trust, Manor House, Bierton Road, Aylesbury, Bucks. HP20 1EG. Tel No: 0296 392803 (24 hour answering service) or Fax No: 0296 398659. Please quote reference number 0466 when applying.

The closing date for receipt of applications is 20th July 1994. Interviews will be held on 10th and 11th August 1994 - any difficulty in attending should be indicated on your application.

The Trust is working towards equality of opportunity and has a non-smoking policy

Parkinson's Disease Society

PARKINSON'S DISEASE SOCIETY OF THE UNITED KINGDOM

FINANCE DIRECTOR
c £35,000 + BENEFITS

Experienced ACA / ACCA / CIMA to start 1 October 1994 or before. This new post, as a key member of the senior management team, will enable the successful candidate to participate fully in the continued development of the Society through the provision of sound financial management and advice.

Responsibilities relate to all aspects of the Society's financial affairs and the development of financial strategy.

A job description is available from Richard Rhodes or Cathy Tucker, Feltons Consulting, 12 Sheet Street, Windsor, SL4 1BG, telephone number 0753 840111. Closing date 8th July 1994.

The Parkinson's Disease Society is striving to be an equal opportunity employer.

"Our mission is the conquest of Parkinson's disease and the alleviation of the suffering and distress it causes, through effective research, education, welfare and communication."

Retail - Strong Finance & Commercial Skills

FINANCE DIRECTOR DESIGNATE

GUILDFORD — *c£40,000 + BONUS + EQUITY*

Our client is a young, dynamic retail company, which is growth orientated and poised for rapid expansion. There is now an immediate requirement for a Finance Director Designate to join the senior management team.

Reporting to the Managing Director, the principle responsibilities will comprise the co-ordination and management of a small finance team, including all aspects of timely financial and management reporting. The successful candidate will be a qualified chartered accountant with extensive retail experience including substantial knowledge of stock control and shrinkage.

You will have excellent IT skills and be capable of establishing, reviewing and implementing comprehensive systems throughout the company.

Strong negotiating skills and the ability to establish interface between the sales, merchandising and accounts functions of the company are essential prerequisites of the position.

Aged between 30-38, you will have a high level of commerciality and business acumen together with drive, energy and ambition.

The successful applicant will be provided with excellent growth potential within a group that aims to take its business to the stock market.

Interested applicants who will enjoy a fast moving, innovative working environment and are able to contribute to a small and highly motivated team should write enclosing a detailed CV to:

Giles Daubeney or Caroline Stockdale at Robert Walters Associates, 25 Bedford Street, London, WC2E 9HP, or Fax 071-915 8714.

ROBERT WALTERS ASSOCIATES

ACQUISITIONS ANALYST

Key appointment in major Blue Chip

CENTRAL LONDON

to £35,000 + Car + Benefits

An outstanding opportunity has arisen for an ambitious and highly commercial finance professional to join one of Britain's leading companies. With an annual turnover in excess of £10 billion and operations throughout the world, the company is well placed to meet the global challenges of the future.

Working as part of a small, highly visible team, and liaising closely with senior management, your primary brief will be to undertake detailed review of acquisitions and other large capital investment proposals to enable the Board of Directors to make informed decisions. Involvement will include initial valuation assessment and risk identification, through to due diligence and the integration of new investments into the worldwide group. You will liaise with external advisors and much of your work will be project based.

The successful candidate will therefore require the following key attributes:

- Qualified graduate ACA with first time passes and 1-4 years P.O.E.
- Exposure to corporate finance or other non-audit assignments.
- An understanding of the acquisition process and taxation and treasury issues.
- Experience of working with detailed financial models.
- Commercial outlook combined with outstanding inter-personal skills.

We are interested in talking to candidates who can display records of consistently high achievement and who are comfortable working alongside senior decision makers. Energy, creativity and flexibility are all qualities which will enable you to take advantage of career opportunities within the company either in the U.K. or overseas.

Interested applicants should write in confidence to **Andrew Livesey**, quoting reference number **2020** at Nicholson International, Bracton House, 34-36 High Holborn, London, WC1V 6AS. Alternatively fax your details on **071 404 8128**. Our client is an equal opportunities employer.

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GM General Motors Corporation

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General Motors, one of the world's largest companies, has increased its market share and strives to remain a world leader in transportation production and services.

GM's vision is to continue to build customer enthusiasm by focusing its people and its processes on teamwork and continuous improvement in all areas of the business.

GM have several strategic advantages that make the vision reality: a large customer base, a large and excellent car and truck dealer network; strong brands; a global presence in engineering, manufacturing and marketing; a management team with broad international experience, and most of all, a worldwide team of diverse, capable and motivated employees.

Operating in almost all the countries around the globe with a turnover in excess of US$138 billion the company's philosophy is based on recruiting, developing and maintaining the best talent available.

Standards of excellence prevail across all our business operations and we are constantly reviewing practices, procedures and systems through the International Audit function ensuring optimum levels of effectiveness, particularly the GM activities located in Europe, Asia-Pacific, Africa and South America.

Due to demand from GM's worldwide operations we are seeking exceptional individuals to fill important posts in their dynamic International Audit function.

Candidates should be bright, commercially aware and ambitious with at least three years auditing or related work experience alongside a graduate professional accounting qualification and/or an MBA. Individuals should be able to understand international cultural differences, be able to tune into local needs and be committed to adding value to the operating companies management process.

A rigorous analytical approach combined with excellent interpersonal skills is essential as well as fluency in at least two European languages, preferably English and German.

These positions are based out of Vauxhall and Opel locations in UK and mainland Europe, however candidates must be prepared to undertake significant world wide travel, up to 100% (single and couples accepted through a travel and accommodation policy which reflects the importance of each role).

If you recognise these posts as the most challenging openings in International Auditing currently available, respond in writing sending a CV to our retained consultant Guy Matthews at GMS, Goodman Masson Shaw, 2 Bath Street, London EC1V 9DX; Tel: 071 336 7711; Fax: 071 336 7722 (any direct application will be forwarded to Goodman Masson Shaw).

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Financial Search & Selection

GROUP ACCOUNTING MANAGER

Bourne End, Bucks — **c£35,000+F/X Car+Benefits**

Lex Retail Group, a subsidiary of Lex Service Plc, is the UK's largest automotive retailer with a turnover in excess of £1billion. The Company operates 104 car dealerships nation-wide covering a broad range of 25 different franchises. The Group's continued success is attributed to a combination of ongoing acquisitions and an unwavering commitment to delivering an outstanding quality of service to its customers.

Substantial growth in the business has necessitated a re-organisation of the Group Accounting activities which are being centralised at the Group's head office. As a result an exceptional financial professional is required to lead and motivate a department of 10 staff.

As a member of the senior finance team, responsibilities will include all financial/management reporting and analysis, acquisition/divestment accounting, statutory reporting and centralised payroll. Additional responsibilities will include on-going maintenance, development and support of the Group financial reporting and consolidation systems and a diverse range of ad hoc activities.

To qualify for consideration you should be an ambitious ACA aged in your early 30's with a strong track record of personal and professional achievement in your career to date. As a natural leader, you will possess the energy, vision and management skills to develop a team commited to enhancing business performance. Your strong technical and systems skills will enable you to make a significant contribution in a highly complex and acquisitive organisation and thereby benefit from the excellent career prospects available within the group.

To further your interest in this exceptional opportunity, please send your CV or telephone our retained consultant **Ian Coyle at Executive Connections Ltd, 43 Eagle Street, London WC1R 4AP. Tel: 071 242 8103. Fax 071 831 4571.**

Lex Retail Group — LEX SERVICE

SENIOR ACCOUNTANT

A senior management role in the gas retail sector

to £35,000 + benefits — **Enfield**

"Gas from Eastern Electricity" is a new venture made possible by the deregulation of the gas market. Building on our success as the largest electricity supplier in the UK and a FTSE 100 company, gas is now a major component of our energy portfolio.

We need a person to make sure that the finance section achieves key objectives in the production of financial and management accounts, but also, and critically, to ensure that the section contributes as an integral part of our retail activity.

A qualified accountant, you will have more than three years' experience in a relevant environment, ideally within a retail or large volume transaction business. Personal experience of implementing new systems and the ability to understand and interpret business results are also essential.

A member of the senior management team you will facilitate and welcome innovation in this rapidly changing environment. With a successful track record in managing and motivating people, you will also be an excellent communicator with an open and enquiring nature.

In the first instance please write to John Bosdet, Personnel Manager with a comprehensive cv at Gas from Eastern Electricity, 249 Carterhatch Lane, Enfield, Middlesex EN1 4BW, by 11 July 1994. Interviews will be held on 19 July.

We are an equal opportunities employer.

GAS from EASTERN ELECTRICITY

Finance Director – Russia (J.V.)

To US$70,000 Tax Efficient plus Expat Benefits

The Company

This pioneering global telecommunications company has already achieved significant gains in the high-growth markets of Russia and the CIS. Its impressive expansion in 1993 shows a clarity of emphasis placed on this exciting region. Backed by a further $60m capital investment program, 1994 will see yet further market penetration with the commencement of additional commercial services in highly-populated areas. Currently they have nine separate JVs or operating business units in Russia and the CIS. While considerable infrastructure is already in place, the group is ensuring its continued expansion with a policy of new license acquisition and investment in the latest technology.

The Position

As Finance Director reporting to the Vice President of Finance you will be responsible for overseeing the Billing and Collection function, supervision of the accounting activities which includes the production of monthly management reports to western standards and the supervision and hiring of staff. In addition you will maintain a control over the Joint-Venture's commercial activities ensuring effectiveness in line with the Business Plan and prevailing laws of the Russian Federation, this will include currency exchange activities, tax laws and local government regulations.

The Person

Combined with the expected technical financial skills drawn from experience ideally gained from within a large company scenario, you will also display a high degree of diplomacy, cultural understanding and integrity. Linguistic ability in Russian, although not essential, will be a major asset. Applications are therefore encouraged from Russian nationals, who have already experienced working with a western Joint-Venture partner in a senior finance role. Alternatively, our client seeks strong financial managers with commercial acumen, resilience and tenacity. The organisation is able to offer career progress beyond this current role.

Please send a full resumé with covering letter to the address/fax below quoting reference FT 2338 on all correspondence. Applications will be treated in strictest confidence.

ANTAL INTERNATIONAL

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CHIEF FINANCIAL OFFICER

Global responsibility

London based

£100,000+ package

Our client is one of the leading forces in international private banking with an impressive record of profits growth and an established worldwide network.

As part of a major strategic review they now seek to appoint a CFO, reporting to the Chief Executive, to be a key player in the global development of the business.

Key responsibilities within this newly created position will be:

- To be an integral member of the management team in establishing, reviewing and implementing group strategy.
- To develop the group finance function and to provide top quality appraisal systems for both financial and business performance.
- To lead the development of the finance function globally to include all aspects of corporate accounting, tax planning, transfer pricing, systems, budgeting and business planning.
- To play a leading role in acquisitions from evaluation, due diligence and completion to post acquisition integration.

We are looking for a qualified accountant with an outstanding track record of achievement in an international environment and with proven skills in general management. Excellent interpersonal and presentation skills, immediate impact and a highly professional approach are prerequisite. Candidates are likely to have a background in private banking or investment banking but those with a career of significant achievement from other sectors will also be considered.

The remuneration package includes a substantial basic salary with a significant performance related bonus together with normal banking benefits, and will not be a *limiting factor for the right individual.*

In the first instance, please write, enclosing a comprehensive curriculum vitae and current remuneration details to Jonathan Williams, Director, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

All applications will be treated in absolute confidence.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

European Business Review

London Brussels Paris

£30-40,000 + Bens

With turnover in excess of £1 billion, our client is committed to becoming the most cost effective distributor of office automation and photographic equipment supplies in the industry. This pre-eminence will be achieved through a strategy of strong branding in relation to technologically advanced and proven products together with a global distribution infrastructure.

The company has recently established a Worldwide Internal *Audit function and is seeking to appoint two ambitious* qualified accountants with strong commercial, communication and technical skills who can demonstrate the potential to progress into senior line roles. Initially focussing on European operations, these newly created positions report to the Head of Group Audit and encompass the definition and implementation of policies, procedures, controls and systems with the overall objective of adding value to the business.

Specific responsibilities will include:

- Identification of control weaknesses.
- Systems reviews.
- Operational review.

Having qualified within an International firm of Accountants, the **Audit Manager** will either have gained experience in a commercial audit environment or will have progressed to manager grade within the profession. The **Audit Senior** role represents an excellent opportunity for a newly qualified accountant seeking to make the first move into industry.

Given the geographical coverage involved, the roles could be based in London, Brussels or Paris with anticipated travel content of between 60-70%. Fluency in at least two European languages, including English, is essential – preferred *second language French or Italian.*

Interested applicants should write, quoting reference 188784, enclosing a comprehensive curriculum vitae and daytime telephone number to the appropriate office below.

Nigel Milford,
Michael Page London, Page House,
39-41 Parker Street, London
WC2B 5LH.
Fax 071 831 2612.

Mark Spaey,
Michael Page Belgium
Sa Spaey. Deserme NV
Avenue Moliere 262. 1060 Brussels
Fax: +2 34 70 081

Alexis de Bretteville,
Michael Page France,
3 Boulevard Bineau,
92300 Levallois-Perret,
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CORPORATE FINANCE ASSISTANT DIRECTOR

Westminster | Age: 28+ | To £40k basic

Capita Corporate Finance (CCF) is expanding its team of deal leaders due to the increasing workload from MBO teams and acquisitive clients.

A subsidiary of the highly successful listed Capita Group, CCF is seeking:

- a qualified accountant or lawyer with experience of corporate transactions gained in an industrial or City environment.
- a team player with a flair for delivering innovative solutions to clients.
- an ambitious professional who will help win assignments and execute them to the highest standards.

Rewards will include a profit related bonus scheme.

Please send your CV, details of your present salary and a daytime telephone number to Ian Smith, Managing Director.

CAPITA
Corporate Finance Limited
71 Victoria Street
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A member of the Securities and Futures Authority

Fast Track Financial Controller

Swindon — c £36,000 + FX Car + Bens

Our client is a £60 million turnover company, providing products and services to the automotive industry. Part of a highly successful, UK based, multi-national Group it has been recently formed by the acquisition of a company in Swindon and its integration with an operation in Banbury. The operational activities will continue on both sites. It is extremely successful in its market places and has ambitious plans for future growth.

Reporting to and working closely with the Finance Director, the challenges will be to:

- Integrate the financial systems and establish an effective finance department of c15 staff for the combined operations.
- Establish an *appropriate reporting and budgetary infrastructure* and foster a culture of cost and profit responsibility.
- Co-ordinate, prepare and review operating budgets, forecasts and strategic plans.
- Provide ad-hoc financial planning support and interpretation of commercial performance for the senior management team.
- Develop, implement and maintain the finance related systems.

Suitable candidates for this demanding role will be ambitious, graduate calibre, qualified accountants. They will certainly have a good intellect, an energetic, creative approach and the drive and determination to achieve objectives. Commercial awareness and strong interpersonal skills are critical to deal credibly at all levels, both inside and outside the finance function.

Probably aged in their late 20's to early 30's they will have a demonstrable record of achievement to date and now be looking for real responsibility and an opportunity to influence the performance of a business. Ideally, they will have experience at an operational level within a fast moving environment including the preparation of management and financial reports, systems and MIS development and financial control.

This is a high profile role and prospects within the Group are excellent. Relocation assistance will be provided where necessary.

Interested candidates should forward a detailed CV, including current salary details and a covering letter explaining why you meet the above criteria to Keith Evans, Regional Manager, Michael Page Finance, 29 St Augustine's Parade, Bristol, BS1 4UL, quoting reference 193676.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Financial Controller

Birmingham — £30-35,000 + FX Car + Bens

Our client is a household name in retail, with £60m turnover in the UK and part of a French Group with a turnover of FF 8 billion with a well known market leading brand name. The company is embarking on a substantial investment programme to consolidate its market leader status.

We seek a key member of the management team to continue and raise the profile of all services offered by the finance function, managing and developing in terms of guidance and motivation of the finance department. You will be responsible for monthly reporting both for domestic and group packages. Other key responsibilities will include annual reporting, computations of the tax liability and arranging advantageous financing of capital projects.

Significant emphasis will be placed on the ability of the candidate to drive through the changes required from the imminent restructure.

During this period of change and challenge progression opportunities are excellent.

Candidates should be qualified Chartered Accountants with the ability to adopt a flexible approach. Excellent communication skills, high levels of drive and well developed leadership qualities will also be essential.

A knowledge of French and retail experience would be advantageous but are not essential.

Interested candidates should send in a copy of their Curriculum Vitae to Gareth Davage or Tony Gleeson BA CA at Michael Page Finance, The Citadel, 190 Corporation Street, Birmingham B4 6QD quoting reference number 194129.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

FINANCIAL CONTROLLER

CASSELL

£35,000 + car & benefits

Cassell plc is a medium sized book publisher which achieved a stock market listing in June 1994. The company has seen substantial growth both organically and by acquisition since the original management buy-in in 1986. With further opportunities for expansion and growth there is now a requirement for an ambitious Financial Controller.

The successful applicant will be a qualified accountant who will also have commercial/industrial experience. Reporting to the Finance Director the role will include the management of and the active participation in the small accounts department with the production of the statutory accounts and the completion of daily, weekly and monthly management and cash reports to exacting timetables.

This role, in time, is expected to result in appointment as Company Secretary.

Candidates should submit in strictest confidence a detailed curriculum vitae, including current remuneration to:

Yvonne Maguire, Personnel Manager
Cassell plc, Villiers House, 41-47 Strand, London WC2N 5JE
(Strictly No Agencies)

TREASURY ACCOUNTING

serendipitous or perspicacious?

Staff of 35 — **Structured package negotiable**

A combination of the two, with a bias on the latter undoubtedly produces the correct result. And correct results reached quickly and painlessly are of paramount importance in our Client's growing "back office".

Yet the cerebral challenge of climbing the perpetual learning curve of the broadest range of complex treasury products, is not often mixed with the management challenge to motivate a large team of professionals. The collective objective is to help drive forward rather than slow down, the stream of new business initiatives being generated by the "front office", whilst meeting the high standards of excellence required for statutory presentation and prudent financial accounting.

Can you lead the team to meet the above challenges in conjunction with the bank's finance director?
Your *abilities* will include:

- Spotting potential problems and solving them before they occur
- Organising the frenetic thoughts of dealmakers
- Going back to basic principles to resolve complex problems rapidly whilst maintaining good relations between all your colleagues

The successful candidate will have built on an outstanding academic record to achieve the above skills and be ready to take an upwards or sideways move from a recognised investment bank, international securities house, or perhaps from a major insurance company or treasury consultancy – in order to satisfy their long term ambitions – which may be broader than the above role to combine **serendipitous and perspicacious treasury accounting methods.**

Kidsons Impey Search & Selection Limited
29 Pall Mall, London SW1Y 5LP
Telephone: 071-321 0336
Fax: 071-976 1116
UK, France, Germany, Italy, Austria, Hungary, Poland, Belgium, Switzerland, Czech Republic and Slovakia

KIDSONS IMPEY

Please telephone Peter Willingham in strict confidence on 06285 21097 from 2pm Friday 1st or Saturday 2nd, 9am to 6pm only or write to him at the address opposite quoting reference number 808.

Head of Finance and Administration

S. E. London **£40,000 + Car and Benefits**

Our client is a large Charitable Estate which manages a portfolio of property and investments in south London, with a value of £58 million and income in excess of £4 million. Though a charitable organisation the Estate is run on commercial lines, managing the residential and commercial property and maximising investment income.

The Estate Governors are seeking to appoint a Head of Finance and Administration to join the management team, reporting to the General Manager, with responsibility for the accounting and administrative function.

This responsibility includes involvement in the operational planning processes and budgeting, the control of the financial and management reporting, the continual development of the financial and administration computer systems, assisting the General Manager in administration of Estate committees, the strategic management and monitoring of a £40 million investment fund and the supervision and control of a broad administrative function which includes personnel, premises, vehicles, insurance etc.

The ideal candidate would be a self-motivated, 35-50 years qualified accountant with at least five years financial and administrative line management experience. Experience in the property sector would be desirable but not essential and a knowledge and commitment to computers and information technology is required.

Interested candidates should send a curriculum vitae, with salary details, and quoting reference 2841 to:

Jonathan Wilkinson
Executive Recruitment Services
Pannell Kerr Forster Associates
New Garden House
78 Hatton Garden, London EC1N 8JA

PKF worldwide

Pannell Kerr Forster Associates
MANAGEMENT CONSULTANTS

APPOINTMENTS ADVERTISING

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday

For further information please call:

Gareth Jones on 071 873 3779

Andrew Skarzynski on 071 873 4054

Philip Wrigley on 071 873 3351

Finance Manager

Hands On European Experience

Holland

£ Excellent Package

Our client, a well-established UK Plc, is a truly international Group. A significant percentage of its sales are European and it has established manufacturing and sales presence in other key international locations. The Group holds strong positions in almost all of its markets, very often as the market leader. The successful strategy of developing the business in adjacent areas seeks to build upon these international market strengths and to improve continually the levels of service offered to customers.

As a result of an internal move, a key role has arisen in the Dutch operating company. This company has a turnover of c.£5 million and employs 60 people. Reporting to the General Manager with a dotted line to the Divisional Finance Director, who is based in the UK, the key responsibilities include:

- All aspects of financial and management accounts, including both Group reporting and Operational Management information.
- Short, medium and long term planning including budgeting and forecasting.
- Full involvement, as part of the local management team, in the day-to-day running of the business.
- Company secretarial affairs, filing of returns and liaison with the company's external Auditors.

It is likely you will be aged 28-32 years with the personal credibility and commercial maturity to deal with the wide range of duties above.

You will be a qualified Accountant with a broad range of experience in financial and management accounts as well as financial planning and analysis. A second European language (not necessarily Dutch) would be advantageous, but is not essential. Strong PC and financial modelling skills are essential.

Interesting and demanding career opportunities will be available for the individual who succeeds in this role.

Assistance with relocation will be available if required.

If you would like to pursue this exciting opportunity you should write to Karen Wilson at Hoggett Bowers, George V Place, 4 Thames Avenue, Windsor, SL4 1QP, enclosing a recent CV and a note of current salary quoting Ref: WKW/4498/FT.

Hoggett Bowers
EXECUTIVE SEARCH AND SELECTION

Group Internal Auditor

International PLC

West of London **c £40,000 plus car**

Our highly regarded client is an international PLC with an annual turnover in excess of £800m. Following a recent successful rights issue and a reorganisation of the head office, this new position has been created to further strengthen the small, high profile group finance function.

Reporting to the Group Finance Director, you will be responsible for carrying out financial and systems reviews worldwide. Working independently, or with local auditors, you will work closely with senior operational management to identify issues, and prepare reports and presentations for group executives and the main board. You will also be involved in the broader financial management of the group and you will manage ad hoc projects consistent with the operations of a growing and dynamic PLC.

A chartered accountant in your twenties or early thirties, you will have trained with a major firm and have a proven record of achievement. A high level of intelligence and initiative and strong interpersonal skills are essential. Ambitious and resolute, you will have the potential to progress to a senior line management or group role within two to three years.

BDO

To apply please send a full CV with salary details quoting ref 1736 to Richard Holland (071 489 6244).

BDO Consulting, 20 Old Bailey, London EC4M 7BH.

FINANCE DEPARTMENT

Assistant Director of Finance (Strategy and Systems)

£36,500 negotiable
West London Based

By investing in our future, you'll be investing in your own!

Riverside Mental Health Trust is one of the largest mental health care providers in the country. Our Finance Department is at the very centre of ensuring the future business success of our services providing quality patient-centred care.

We now require an ambitious qualified accountant (CCAB member) to complement the existing management team within the Department. This is a new role which will see you taking the lead in the Trust's financial planning process, ensuring accurate information is available to support our contract negotiations. You will also produce the Trust's 3 – 5 year financial plans, taking account of service developments, analysis of competitors together with the strategic and resource plans of purchasers. This will see you working closely with senior staff in the Directorate of Corporate Development to produce business cases for capital investment and reviewing internal business plans for their financial robustness.

In order to succeed at this level it is likely you will have at least three years post qualification experience, either working in a professional firm, public sector or other business with a turnover in the range of £30M. You will already have enjoyed significant exposure to financial control, management accounting and planning. Your career thus far will have equipped you with the necessary communication and influencing skills to enable you to work closely with senior Directors assisting them in evaluating financial risks and contingency planning in confident plain language. If you are ambitious there will be many opportunities within a confident Health Care Trust with a clear strategy for the future.

For an informal discussion of this position please contact Ms Nicky Cooper, Director of Finance, Tel: 081 746 6864 (from 11th July 1994).

For an application form and information pack please contact: Recruitment Services, Commonwealth House, 2-4 Chalkhill Road, London W5 ODW. Telephone: 081 846 6651 (24 hour answerphone). Ref: SM/154.

Closing date: 18th July 1994. Assessment Day: 1st August 1994. Interviews: 5th August 1994.

Working towards Equal Opportunities

The Riverside Mental Health Trust

With a commercial instinct as strong as yours, you should be controlling much more than just finance.

c. £50k + car + extensive benefits package

In this senior financial management role, you'll be taking over from someone who has gone on to specialise in the operational side of our business.

And the fact that operations is so closely tied up with finance tells you a lot about us, and about the kind of future you could build for yourself with Hertz.

Your immediate task is to lead and manage (you should certainly recognise the distinction) a 75 strong department with four people reporting directly to you. It covers the financial areas you'd expect, like financial accounting, receivables, pricing and MIS. And some you might not, like franchising and insurance. If you have a specialist interest in any particular area, we'll encourage you to develop it.

But if you're the kind of accountant we hope you are, your focus will go way beyond the boundaries of your own department, large though it may be.

You'll be someone who's irresistibly drawn to the commercial heart of our business, and you'll achieve more for us there than by sitting at your lap-top, endlessly poring over the figures.

Ours is an exceptionally fast and fluid business, with 1/2 million transactions a year, and priorities changing daily. We'd want you to help our managers to adapt, react and stay in control even when the commercial pace is fast and furious. It's a marketing-led business: when someone has a good new idea, you'd make it financially achievable – and probably contribute some good business ideas of your own. And it's an international business: you'd need to quickly establish your credibility with our US parent, as well as your peers in the Hertz UK management team and our European operations.

Your seven years post-qualification experience will have included at least two years with one of the major international accountancy firms and commercial experience gained in an environment not dissimilar to our own.

It will also have exposed you to the flexible, entrepreneurial management culture of which US organisations like ourselves are the leading exponents. And it will also have convinced you that being a Chartered Accountant should be just as much about business as about finance and figures.

In which case, it's a conviction that everyone here at Hertz shares.

As a first step, send your c.v. to Keith Paul, Personnel Manager, with a covering letter that makes a powerful case for including you on our shortlist. Hertz UK Limited, Radnor House, 1272 London Road, Norbury, London SW16 4XW.

Hertz

Finance Opportunities

in an exciting new company

Negotiable salaries + benefits

The Magic Pub Company was recently put together in a 100m+ purchase. Operating nationally, it has a real opportunity in the market to establish itself as a high-quality operator with very firm financial foundations.

In order to exploit fully its position and potential, there is a fully-funded refurbishment programme in place. We need the following key people to ensure that the foundations are in place, firm and practical in order to achieve an even brighter future.

Financial Accountant *Gloucester*

A fully qualified accountant with relevant retail experience, you will oversee the Ledger, Payroll and Treasury functions. The preparation of cashflow forecasts, the effect on plan and the recommendation of actions will form a critical part of a role which could well be a key professional development opportunity for the right individual.

Audit Manager *Staines*

Reporting to the Finance & Commercial Director, you will be vital to the performance of our operations. Professionally qualified, it is probable that you will have experience in the drinks sector so that you are aware of the difficulties and demands such a position brings.

Project Accountant *Staines*

With many refurbishments and building-related projects being carried out concurrently, the correct control and allocation of costs and materials is essential, and you will need to maintain strong links both within and outside the company. You will have significant experience in the building projects environment and be able to demonstrate an ability to design and implement effective control systems.

The Magic Pub Co.

For all of the above positions, please write in the first instance with full career and salary history to Derek Parfitt, Personnel Director, The Magic Pub Company Ltd, The Rising Sun, Cleeve Hill, Cheltenham, Glos GL52 3PX. Tel: 0242 676281.

BARING VENTURE PARTNERS LIMITED

FINANCIAL CONTROLLER

Baring Venture Partners wishes to recruit a qualified accountant for its expanding pan-European venture capital business. The position includes responsibility for the operation of the book-keeping system in the London head office and the preparation of monthly management accounts and annual statutory accounts, involving the coordination and consolidation of financial reports from overseas offices.

Suitable candidates will be in their mid to late twenties, with strong computer and analytical skills and will have the ability to communicate clearly both orally and in writing. Venture Capital is a fast-moving business populated by highly motivated and sometimes eccentric individuals. Only self-starters with a sense of humour need apply. Salary will be negotiable according to experience.

Applicants should write enclosing a curriculum vitae to:

David Huckfield, Administration Partner,
Baring Venture Partners Limited,
140 Park Lane, London W1Y 3AA.

BARINGS

Management Consultants

London SW1 **£30 - 40,000 + Car + Attractive Bonus**

Parkwell is a well established, independent firm of management consultants. Our key areas of expertise are the selection and implementation of systems and the management of information technology projects.

Our continued success and rapid expansion has been achieved by combining a high level of expertise with a strong commitment to quality of service. We are now seeking two additional consultants to help service our growing list of blue chip clients.

You must be an experienced consultant with considerable system selection, implementation and project management experience. Ideally you will also be a qualified accountant. Your experience will have been gained either within a large consultancy firm, a software house or industry. You should be self motivated, a good presenter, an excellent team member and have a keen interest in developing the business.

These positions will suit individuals hungry for greater autonomy and responsibility who wish to work closely with clients on a wide variety of projects.

Interested applicants should contact

Andrew Fisher, Parkwell Management Consultants Ltd
3 Catherine Place, Westminster SW1E 6DX Tel: 071 233 5207 Fax: 071 233 5205

PARKWELL

Appointments Advertising also appears today on Page 23

HEAD OF FINANCE

An experienced professional to take a key role in the strategic management of our College.

circa - £31k **Bromsgrove**

North East Worcestershire College is one of the UK's largest and most rapidly expanding further/higher education colleges. Approximately 20,000 full and part-time students at our Redditch and Bromsgrove campuses study at a variety of levels. Our recent growth has been built on a pro-active, commercial and quality orientated culture.

Your brief will include:

- Senior Level Financial and Investment Management
- Production and maintenance of Financial Policies and procedures
- Preparation and control of budgets
- Management of the payroll function

In addition to good analytical skills and a proven record of achievement at financial management level, you will need:

- A degree and accounting qualification awarded by ICA/CACA/CIMA
- Management experience in a large organisation
- Good interpersonal skills at all levels
- The ability to manage, motivate and develop your team

This position offers the opportunity to shape the future in a challenging and developing environment.

Benefits include a generous holiday entitlement, health care plan, good opportunities for professional development and pleasant modern working environment in a semi-rural location.

Application forms (returnable by Friday 15 July 1994) and further details available from the Human Resources Department, North East Worcestershire College, Blackwood Road, Bromsgrove B60 1PQ. Tel: 0527 572585 (answerphone).

North East Worcestershire College


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FINANCIAL
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